

Droylsden Academy
(A Company Limited by Guarantee)

Annual Report and Financial
Statements

Year ended 31 August 2015

Company Registration Number:
06731528 (England and Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Tameside College (Corporate) Mr P Ryder Ms L Kendal Ms J Worsdale
Trustees	Mr P Ryder (Chair) Mrs H Daly (Parent Trustee) (from 20 November 2014) Mr D Deasy Ms L Kendal Ms N Lomas (Parent Trustee) (until 25 September 2014) Mr J Lyne Mr K Mackey (Principal and Accounting Officer) (until 5 December 2014) Mr M Mistry (Responsible Officer) Mr J Rogers Ms C Williams (Staff Trustee) Mr P Wilson (Headteacher and Accounting Officer) (from 11 December 2014) Ms J Worsdale (Vice Chair)
Company secretary	Dr N Elgar
Senior Management team:	
Executive Headteacher	Mr D Duncan (0.5 FTE)
Headteacher (Principal and Accounting Officer)	Mr P Wilson
Deputy Headteacher	Mr E Mayell
Senior Assistant Headteacher	Mrs A Wood
Assistant Headteacher	Mrs G Arnold
Assistant Headteacher	Ms D Lloyd
Assistant Headteacher	Dr L Schofield
Senior Leader	Mr J Roberts (temporary to 31/12/15)
Business Manager	Mrs S McKay
Principal and registered office	Manor Road, Droylsden, Manchester, M43 6QD
Company registration number	06731528 (England and Wales)
Independent auditor	KPMG LLP (UK), 1, St Peter's Square, Manchester M2 3AE
Bankers	Lloyds TSB Bank Plc, 53 King Street, Manchester M2 4LQ
Solicitors	Eversheds LLP, Bridgewater Place, Water Lane, Leeds, LS11 5DR

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 August 2014 to 31 August 2015. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 serving a catchment area in Droylsden, a town in Greater Manchester to the east of Manchester city centre. It has a pupil capacity of 1,200 and had a roll of 881 in the School Census on 2 October 2014.

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 of Droylsden Academy are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Droylsden Academy. Details of the trustees who served throughout the year except as noted 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.

Trustees' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. Indemnity cover for Trustees in 2014/15 was £2,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Trustees of the Academy Trust shall comprise not less than 3 persons, but shall not be subject to a maximum. The Academy Trust shall have the following Trustees

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

Each of the persons entitled to appoint Trustees 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 Trustee shall be 4 years, save that this time limit shall not apply to either the Headteacher or Principal Sponsor (during any period that the Principal Sponsor is a Trustee). Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students. Trustees will be provided with copies of relevant documents that they will need to undertake their role as Trustees, 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. Training sessions offered by the local authority are advised to Trustees and sessions attended are on an individual basis according to need.

Organisational Structure

The organisational structure consists of the Trustees 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 Trustees 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 currently comprises the Executive Headteacher, Headteacher, Deputy Headteacher, a Senior Assistant Headteacher, three Assistant Headteachers, a Business Manager and one Senior Leader on secondment until December 2015. The Senior Leadership Team control the Academy at an executive level, implementing the policies and budget authorised by Trustees and reporting on Academy performance. The Headteacher undertakes the role of Principal and Accounting Officer.

The Executive Headteacher is contracted with the Academy for 2.5 days per week, taking on a similar role at Mossley Hollins High School, a community secondary school within the local authority area. The Executive Headteacher's role includes head of strategy and partnerships.

In 2014/15 the Board of Trustees operated the following committees:

Curriculum, Quality and Standards Committee

Curriculum, quality, standards, inclusion and enrichment.

Discipline Committee

Pupil exclusions.

Finance and Resources Committee

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

Remuneration Committee

Remuneration of the Executive Headteacher and Headteacher.

The Curriculum, Quality and Standards Committee and the Finance and Resources Committee were discontinued at the end of 2014/15. In its place, the Board of Trustees has doubled the number of its meetings (to once every half term) to manage the increased workload, and established an Audit Committee to undertake an independent audit function.

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). Through the Executive Headteacher, the Academy enjoys close links with Mossley Hollins High School (a community secondary school), a school that has been judged outstanding at its last two Ofsted inspections.

Subsidiary Company

Following review of a business plan and detailed financial feasibility report, the responsibility for Academy lettings, previously contracted out to a private company that specialised in lettings and community use of schools outside of normal operating hours was brought in-house from 1 November 2014. A subsidiary company, Droylsden Academy Lettings Limited, was incorporated on 29th October 2014. However, due to changes in key staff members at the Academy, the lettings activity was solely managed by Droylsden Academy for 14/15 year and thus the subsidiary company was dormant for the 10 month period ended 31 August 2015.

Objectives and 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.

Objects and Aims

The Academy is now working hard to embed its new school values '**Politeness, Hard Work and Honesty**'

Droylsden Academy is a significant community landmark providing a range of services to local people and promoting the regeneration of the Droylsden community. It is a state of the art building with presence. It is airy, spacious and a daily inspiration to all users and visitors alike. However, over the last two academic years, investment was made to ensure that some of the open learning spaces that were not conducive to effective teaching and learning were improved and updated. This included the building of walls and ceilings so that open classrooms were closed in hence improving the learning space. The Academy will be highly regarded for its cutting edge provision and known locally, nationally and internationally for the excellence of the all-round education it provides. It will offer the young people of Droylsden real and tangible opportunities to follow learning routes that will genuinely transform their lives. It will, in every case, deliver the outcomes of Every Child Matters and will extend the outcomes so that in Droylsden Academy Every Person Matters and everyone's contribution is valued equally.

The key to the Academy's success will be the development of a shared vision, effective and transformational leadership and management, robust partnership arrangements, innovative and creative teaching, dynamic curriculum and assessment methods, first class buildings and facilities, and the freedom to operate within an agreed framework as part of the Tameside Campus.

Objectives, Strategies and Activities

2014/15 was the sixth year of operation for Droylsden Academy. Key priorities were to:

- improve the quality of teaching and learning so that 75% is typically judged as good or better by end of academic year 2014/15;
- increase the percentage number of students achieving 5A*-C GCSE including English and Maths above the national average by August 2014;
- increase the percentage number of students achieving 5A*-C GCSE by August 2015;
- improve attendance to 96% by July 2015;
- reduce number of persistently absent pupils to 2.5% by July 2015;
- 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.

Public Benefit

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

The Academy continues as a non-selective school, drawing students mainly from the Droylsden community.

The Trustees have established a trading subsidiary to manage the letting of the Academy's facilities outside school hours to community groups and other users. The main auditorium, sports hall, multi-use games area and all weather pitch are in high demand. The Academy's facilities are let at different rates, ranging from those that cover the cost of use for some community groups to commercial rates for other users. In exceptional circumstances the Academy has waived fees for appropriate community groups.

Strategic Report

Achievements and Performance

The main achievements of the Academy during the period ended 31 August 2015 are summarised below:

- 57% GCSE 5A*-C;
- 53% GCSE 5A*-C (including English and Maths), a 6 percentage point increase on the previous year and matching the provisional national figure;
- Attainment:
 - English 71% A*-C (well above national average)
 - English 3 or more levels of progress 74%
 - Maths 60% A*-C (national average)
 - Maths 3 or more levels of progress 64%
 - Subjects that increased attainment by more than 10 percentage points in A*-C in 2015 compared to 2014 included – Additional Science, Computing, Core Science, Drama, English Literature, French, Geography and History;
 - 28% achieving Ebacc qualification, 4 percentage point above the 2014 national figure;
- Teacher predictions were more accurate than in the previous year;
- 55% of teaching typicality was judged as good or better;
- Typical inadequate teaching has been eradicated
- 94.2% attendance in 2014/15 (c.f. target of 96%);
- 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 and all weather pitch.

Key performance indicators

For the academic year 2014/15 performance against KPIs was as follows:

	Target	Actual
Budget/Actual	(£264k)	(£86k)
Catering	£0	£0

The budget was set with an expected £264k in-year deficit. The actual deficit was £86k. This has been funded from reserves.

Going Concern

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

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 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2015, total expenditure of £6,158k (excluding depreciation) was covered by recurrent grant funding from the DfE together with other incoming resources and brought forward GAG funding. The deficit of income over expenditure for the year (excluding restricted fixed asset funds) was £86k.

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 2015, the scheme had a deficit of £275k.

The Academy Trust held fund balances at 31 August 2015 represented in the Statement of Financial Activities and Balance sheet of £30,627k.

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 determined that, given the uncertainties surrounding future funding and the challenges arising, the maximum amount of restricted reserves allowable under DfE funding rules should be maintained. A Deed of Variation to the current funding agreement, approved by the EFA, was approved by Trustees on 23 October 2014, which amended clauses in the Academy's Funding Agreement that limited 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). For academic year 2014/15 Trustees have agreed to spend some of the Academy's accumulated reserves for both capital and revenue purposes. The carry forward of GAG from 2013/14 has been used to fund the in-year deficit.

An adjustment has been made to transfer funds from unrestricted to restricted funds due to an error in prior years. The expense relating to the unrestricted income was utilised out of the restricted fund rather than the unrestricted fund. This means that the carry forward limit in previous years was exceeded (which was stated in last year's accounts but the amount has increased).

Unrestricted income funds of £301k represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Investment Policy

Droylsden Academy Trust currently has a treasury management policy approved by the Finance and Resources Committee encompassing 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.

Principal Risks and Uncertainties

Financial and Risk Management Objectives and Policies

Management and Trustees identify, assess and mitigate risk for the Academy through the risk register in management and Trustees' meetings. The risk register and plans derived from the register were scrutinised by the Finance and Resources Committee (Audit Committee from 2015/16) and approved by the Board of Trustees.

Principal Risks and Uncertainties

Trustees have assessed the major risks to which the Academy is exposed. Key risks identified include those relating to student progress and examination results, stakeholder perception, reputation and competition, falling pupil numbers and budget control. The Trustees continue to review Academy's policies and their implementation. Trustees have reviewed the Academy's Financial Regulations Manual, ensuring that it has an effective system of internal financial controls.

Plans for 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 summarised in our two year academy improvement plan:

Improve pupil outcomes through raising achievement (progress and attainment) and aspiration of our students.

Secure typically good or better teaching, learning and assessment through improved outcomes in Science, Technology (and further improvements in Mathematics), quality assurance, appraisal and staff development, recruitment and retention. Significantly improve the teaching of literacy, oracy and the Curriculum, stretching the most able, SEND students and the disadvantaged.

Further enhance the culture for learning through the reform of Learning Support and Most Able Provision and further developments in attendance, behavior for learning, and our systems and routines for all.

Develop highly effective school and partnership working at all levels to secure a strong academic and financial future for our academy through matching roles to academy needs and through excellent work with our primary and post-16 partners.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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 re-appointed the Academy Trust's auditors for a further 3 year period from 2014/15 to 2016/17 (extendable by a further two years, subject to satisfactory performance).

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 10/12/2015 and signed on the Board's behalf by:

**Peter Ryder
Chair of the Trustees**

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, 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 Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform to 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 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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
P Ryder (Chair)	7	7
H Daly (Parent Governor, appointed 20.11.14)	3	5
D Deasy	4	6
L Kendal	7	7
J Lyne	7	7
N Lomas (Parent Trustee, resigned 25.09.14)	0	0
K Mackey (Principal, resigned 05.12.14)	1	1
M Mistry (Responsible Officer)	3	6
J Rogers	4	7
C Williams (Staff Trustee)	6	6
P Wilson (Headteacher) (appointed 11.12.14 *)	4	4
J Worsdale (Vice Chair)	6	6

* as Interim Headteacher; appointed permanent Headteacher on 1 May 2015.

In an internal review of governance arrangements undertaken in July 2015, Trustees agreed to discontinue the Finance and Resources Committee and Curriculum, Quality and Standards Committee in 2015/16, with the work of these two committees largely being returned to the Board of Trustees. In turn, the Board of Trustees has doubled the scheduled number of meetings in 2015/16 to once every half term. In addition an Audit Committee was established for 2015/16, with responsibility for audit and risk management.

The **Finance and Resources Committee** was a committee of the Board of Trustees during 2014/15. Its purpose was to assist the decision making of the Board of Trustees, 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 was 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: (i) considered the Audit Findings Report, Responsible Officer Report and Report and Financial Statements and recommended the Report and Financial Statements to the Board of Trustees for approval (ii) made a recommendation on the appointment of the Academy's auditor; (iii) reviewed and approved a revised Treasury Management Policy; (iv) monitored action taken to address audit recommendations; and, (v) monitored performance against the budget during 2014/15, particularly expenditure in relation to the Pupil Premium. Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a Possible
L Kendal	1	2
J Lyne (Chair)	2	2
K Mackey (until 5 December 2015)	0	0
J Rogers	2	2
P Ryder	2	2
P Wilson (from 11 December 2015)	1	1

A third meeting in the Summer Term was cancelled, with business transferred to the Board of Trustees.

The Finance and Resources Committee was discontinued at the end of 2014/15, An Audit Committee was established for 2015/16, with responsibility for audit and risk management. The Audit Committee comprises three members: Manilal Mistry, has financial experience from operating his own business, is Chair of the Audit Committee of a further education corporation; Helen Daly works as a credit controller and has served on the finance committee of a local primary school; John Rogers, as a former Headteacher of a local primary school for 20 + years, had full delegated management of school budget. He was a National College Early Years Consultant and advised and mentored leaders' children centres in financial management and the complexities of integrated and partnership budgets. He also mentored and supported new local authority headteachers in financial management.

Review of Value for Money

As Accounting Officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- delivering better results for the Academy's students, with 53% of Year 11 students securing 5A*-C (including English and Maths) GCSEs, a 6 percentage point increase from 2013/14;
- reviewing insurance costs and recommending to the Trustees a move to the government's Risk Protection Arrangement (RPA), with expected savings of £33k in the first year of cover;
- Moving the academy's Ofsted rating from inadequate to Requires improvement (October 2015)

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 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 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 Board of Trustees 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 Trustee, 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 KPMG have undertaken a programme of work covering payroll, purchases, income and accounting systems producing an ongoing action plan.

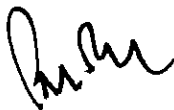
Review of Effectiveness

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

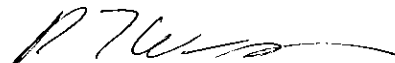
- the work of the Responsible Officer
- the work of the external auditor;
- the financial management and governance self-assessment process (if relevant);
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 Board of Trustees on 15 December 2015 and signed on its behalf by:



**Peter Ryder
Chair of Trustees**



**Phillip Wilson
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 Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**Philip Wilson
Accounting Officer**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as Governors of Droylsden Academy Trust and 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 Requirements published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 15 December 2015 and signed on its behalf by:



**Peter Ryder
Chair of Trustees**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
DROYLSDEN ACADEMY TRUST LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Droylsden Academy (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 8 May 2009 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

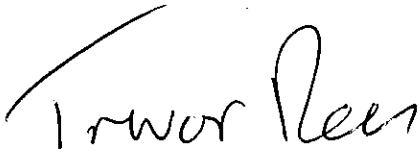
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;

**DROYLSDEN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 06731528**

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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



Trevor Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1, St Peter's Square
Manchester
M2 3AE

17 December 2015

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
DROYLSDEN ACADEMY TRUST LIMITED AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 20 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Droylsden Academy (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 8 May 2009 and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

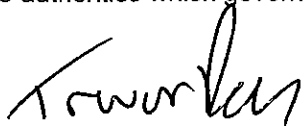
- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;

- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2014;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2014 to 2015.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Trevor Rees
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
Manchester

17 December 2015

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total 2015 £000	Total 2014 £000
Incoming Resources							
<i>Incoming resources from generated funds:</i>							
- Activities for generating funds	2	196	-	-	-	196	161
- Investment income	3	3	60	-	8	71	64
<i>Incoming resources from charitable activities:</i>							
Funding for the academy trust's educational operations	4	30	5,733	42	-	5,805	6,384
Total Incoming resources		229	5,793	42	8	6,072	6,609
Resources expended							
<i>Charitable activities:</i>							
Academy trust educational operations	6	223	5,859	749	-	6,831	6,889
Governance costs	7	-	76	-	-	76	29
Total resources expended	5	223	5,935	749	-	6,807	6,918
Net incoming / (outgoing) resources before transfers		6	(142)	(707)	8	(835)	(309)
Gross transfers between funds	15	(616)	520	104	(8)	-	-
Net Income/(expenditure) for the year		(610)	378	(603)	0	(835)	(309)
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension schemes	15,23	0	(35)	0	0	(35)	(280)
Net movement in funds		(610)	343	(603)	0	(870)	(589)
Reconciliation of funds							
Total funds brought forward at 1 September 2014	15	911	363	29,556	667	31,497	32,086
Total funds carried forward at 31 August 2015		301	706	28,953	667	30,627	31,497

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

**BALANCE SHEET
AS AT 31 AUGUST 2015**

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	11		27,824		28,427
Current assets					
Stock					
Investments		667		667	
Debtors	13	286		291	
Cash at bank and in hand		3,257		3,382	
		<u>4,210</u>		<u>4,340</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(1,132)</u>		<u>(1,061)</u>	
Net current assets			<u>3,078</u>		<u>3,279</u>
Total assets less current liabilities			<u>30,902</u>		<u>31,706</u>
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>30,902</u>		<u>31,706</u>
Pension scheme liability	23		<u>(275)</u>		<u>(209)</u>
Net assets including pension liability			<u>30,627</u>		<u>31,497</u>
Funds of the academy trust:					
Endowment funds		667		667	
Restricted funds					
- Fixed asset fund	15	28,953		29,556	
- General fund	15	981		572	
- Pension reserve	15	<u>(275)</u>		<u>(209)</u>	
Total restricted funds			<u>30,326</u>		<u>30,586</u>
Unrestricted income funds	15				
- General fund		<u>301</u>		<u>911</u>	
Total unrestricted funds			<u>301</u>		<u>911</u>
Total funds			<u>30,627</u>		<u>31,497</u>

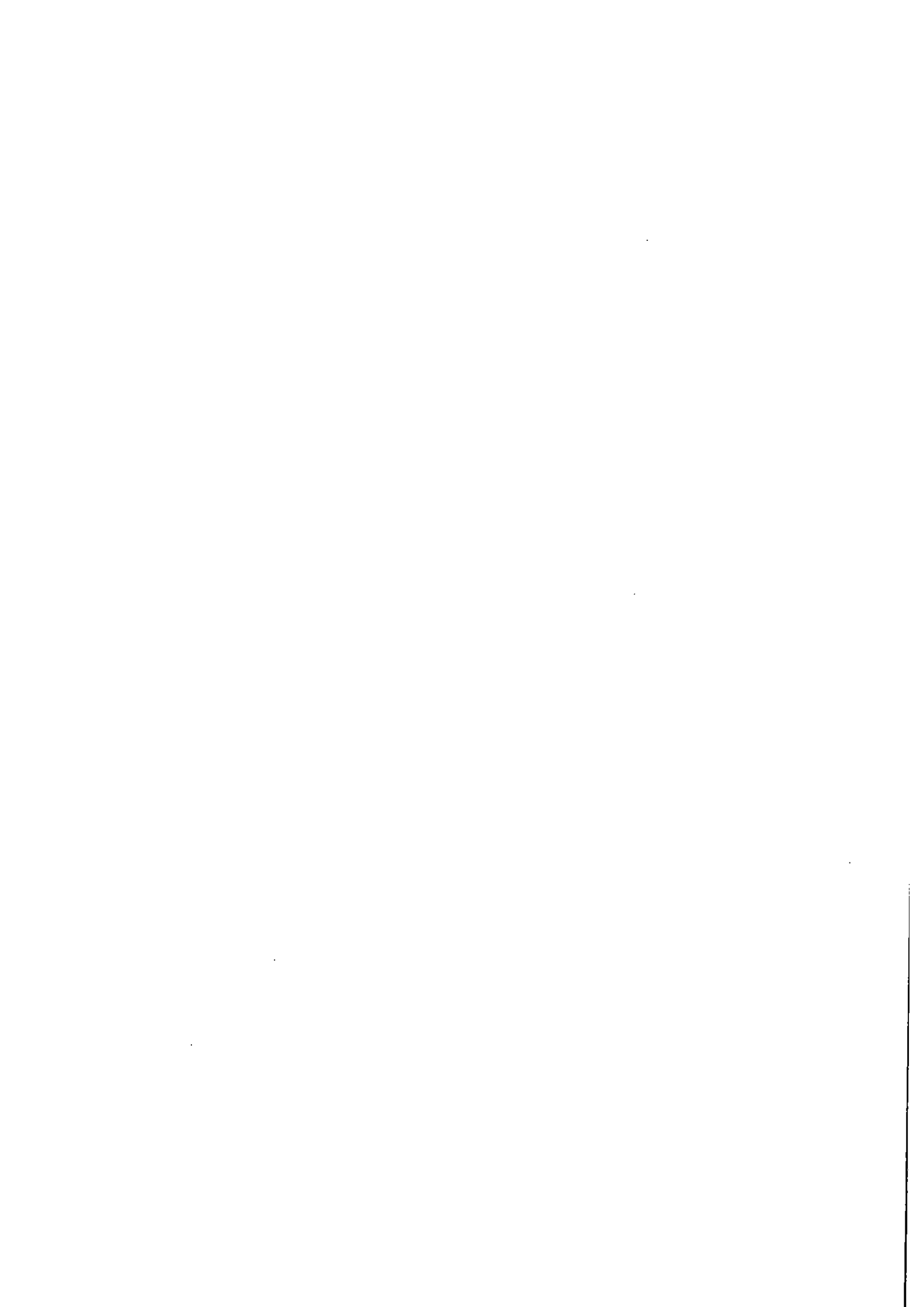
The financial statements on pages 18 to 20 were approved by the Trustees, and authorised for issue on 15th December 2015 and are signed on their behalf by:



Peter Ryder
Chair of Trustees

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

	Notes	2015 £000	2014 £000
Net cash inflow/(outflow) from operating activities	17	(21)	895
Return on investments and servicing of finance	18	11	13
Capital expenditure	19	(115)	(242)
(Decrease)/Increase in cash in the year	20	<u>(125)</u>	<u>666</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		3,382	2,716
Net funds at 31 August 2015		<u>3,257</u>	<u>3,382</u>



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

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 2014 to 2015 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

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 company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

- **Grants 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 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 balances in the restricted fixed asset fund.

- **Sponsorship Income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

- **Donated Services and gifts in kind**

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

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

Statement of Accounting Policies *(continued)*

Resources Expended

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

- **Costs of generating funds**
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 Trust's educational operations.
- **Governance Costs**
These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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 are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and 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 Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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 life, as follows:

Freehold buildings	60 years
Long leasehold buildings	40 years
Fixtures, fittings and equipment	7 years
ICT equipment	5 years
Motor vehicles	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 Statement of Financial Activities.

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 29, 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.

Statement of Accounting Policies (*continued*)

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 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

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

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 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 Education Funding Agency/Department for Education.

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

2 Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Hire of facilities	57	-	57	16
Catering income	139	-	139	145
	<u>196</u>	<u>-</u>	<u>196</u>	<u>161</u>

3 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Endowment 1 year fixed term investment	8	-	8	10
Net pension gain	-	60	60	51
Short term deposits	3	-	3	3
	<u>11</u>	<u>60</u>	<u>71</u>	<u>64</u>

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

4 Funding for the Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
DfE / EFA grants				
- General annual grant (GAG)	-	5,252	5,252	5,801
- Capital grants	-	42	42	22
- Other DfE/EFA grants	-	436	436	446
	<u> </u>	<u>5,730</u>	<u>5,730</u>	<u>6,269</u>
Other Government grants				
- Local authority grants	-	9	9	14
- Special educational projects	-	3	3	6
	<u> </u>	<u>12</u>	<u>12</u>	<u>20</u>
Other Income	30	33	63	95
	<u>30</u>	<u>5,775</u>	<u>5,805</u>	<u>6,384</u>

5 Resources expended

	Non Pay Expenditure			Total 2015 £000	Total 2014 £000
	Staff Costs £000	Premises £000	Other £000		
Costs of generating voluntary income					
Costs of activities for generating funds					
Academy's educational operations:					
- Direct costs	3,563	749	399	4,711	4,627
- Allocated support costs	1,022	473	625	2,120	2,262
	<u>4,585</u>	<u>1,222</u>	<u>1,024</u>	<u>6,831</u>	<u>6,889</u>
Governance costs including allocated support costs	11	-	65	76	29
	<u>4,596</u>	<u>1,222</u>	<u>1,089</u>	<u>6,907</u>	<u>6,918</u>

Net incoming/outgoing resources for the year include:

	2015 £000	2014 £000
Operating leases:		
- other leases	4	8
Fees payable to auditor for:		
- audit	14	16
- other services	5	13
	<u>23</u>	<u>37</u>

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

6 Charitable activities

	Total 2015 £000	Total 2014 £000
Direct costs - educational operations		
Teaching and educational support staff costs	3,563	3,340
Depreciation	749	742
Educational costs	145	155
Examination fees	49	87
Staff development	25	84
Educational consultancy	103	117
Other direct costs	77	102
	<u>4,711</u>	<u>4627</u>
Support costs - educational operations		
Support staff costs	1,022	1,069
Pension	91	66
Recruitment and support	18	46
Maintenance of premises and equipment	150	130
Cleaning	28	22
Rent & rates	99	98
Energy costs	125	140
Insurance	58	68
Security and transport	13	16
Catering	119	135
Bank interest and charges	2	3
Other support costs	395	469
	<u>2,120</u>	<u>2,262</u>
Total direct and support costs	<u>6,831</u>	<u>6,889</u>

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

7 Governance costs

	Total 2015 £000	Total 2014 £000
Legal and professional fees	46	-
Auditor's remuneration		
- Audit of financial statements	14	16
- Other audit costs	5	13
Support staff costs	11	-
	<u>76</u>	<u>29</u>

8 Staff

a. Staff costs

	Total 2015 £000	Total 2014 £000
Wages and salaries	3,592	3,534
Social security costs	250	257
Operating costs of defined benefit pension schemes	471	469
Trustees' reimbursed expenses	-	-
	<u>4,313</u>	<u>4,260</u>
Supply staff costs	209	43
Staff restructuring costs	73	106
	<u>4,595</u>	<u>4,409</u>

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £85,096.60 (2014: £89,838.23). Four of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £7,570, £22,274, £25,000 and £25,508.68.

c. Staff numbers

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

	2015 No.	2014 No.
Teachers	51	57
Administration and support	77	101
Management	6	7
	<u>134</u>	<u>165</u>

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

d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015 No.	2014 No.
£60,001 – £70,000	-	1
£70,001 – £80,000	-	-
£80,001 – £90,000	1	-
£90,001 – £100,000	=	1

In December 2014, a senior member of staff left the academy; this however does not feature within the bandings for the 2014/15 financial year. The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, the pension contributions for this member of staff amounted to £11,349.42 (2014: £23,045.04).

9 Related Party Transactions – Trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and 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:

K Mackey (Principal and trustee) until 5th December 2014:

Remuneration £30,000 - £35,000

Employer's pension contributions £0 - £5,000

P Wilson (Principal and trustee) from 11th December 2014:

Remuneration £80,000 - £85,000

Employer's pension contributions £10,000 - £15,000

C Williams (staff trustee)

Remuneration £15,000 - £20,000

Employer's pension contributions £0 - £5,000

During the year ended 31 August 2015, travel and subsistence expenses totalling £53.25 (2014: £0) were reimbursed to 1 trustee (2014: 0 trustees).

Other related party transactions involving the trustees are set out on note 24.

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

10 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 £2,000,000 on any one claim and the cost for year ended 31 August 2015 was £89 (2014:£89).

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

11 Tangible Fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2014	-	30,050	327	12	-	30,389
Additions	-	151	6	-	-	157
Disposals	-	-	(17)	-	-	(17)
At 31 August 2015	-	30,201	316	12	-	30,529
Depreciation						
At 1 September 2014	-	1,865	86	11	-	1,962
Charged in year	-	704	44	1	-	749
Disposals	-	-	(6)	-	-	(6)
At 31 August 2015	-	2,569	124	12	-	2,705
Net book values						
At 31 August 2015	-	27,632	192	0	-	27,824
At 31 August 2014	-	28,185	241	1	-	28,427

12 Endowment Fund

	2015 £000	2014 £000
Endowment fund	667	667
	<u>667</u>	<u>667</u>

The Academy Endowment fund is currently invested in a 1 year fixed term account. Interest of 1.15% is paid at the end of the fixed-term period in February 2016. Interest has been accrued to the 31/08/15 in the year's accounts.

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

13 Debtors

	2015	2014
	£000	£000
Trade debtors	13	3
VAT recoverable	120	192
Other debtors	-	-
Prepayments and accrued income	153	96
	<u>286</u>	<u>291</u>

14 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	229	476
Taxation and social security	70	85
EFA creditor: abatement of GAG	444	207
Other creditors	13	13
Accruals and deferred income	376	280
	<u>1,132</u>	<u>1,061</u>
	2015	
Deferred income	£0	
Deferred income at 1 September 2014	47	
Resources deferred in the year	-	
Amounts released from previous years	(47)	
Deferred income at 31 August 2015	<u>0</u>	

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

15 Funds

	Balance at 31 August 2014 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2015 £000
Restricted general funds					
General Annual Grant (GAG)	116	5,253	(5,364)	624	629
Other DfE/EFA grants	385	436	(436)	(104)	281
LEA and other grants	71	12	(12)	-	71
Other restricted	-	33	(33)	-	-
Pension reserve	(209)	60	(91)	(35)	(275)
	363	5,793	(5,935)	485	706
Restricted fixed asset funds					
LEA donated assets	28,096	-	(699)	(87)	27,310
Capital expenditure from GAG	331	42	(50)	191	514
Fixed asset fund	1,129	-	-	-	1,129
	29,556	42	(749)	104	28,953
Endowment funds	667	8	-	(8)	667
Total restricted funds	30,586	5,843	(6,684)	581	30,326
Unrestricted funds					
Unrestricted funds	911	228	(222)	(616)	301
Total unrestricted funds	911	228	(222)	(616)	301
Total funds	31,497	6,071	(6,906)	(35)	30,627

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

Under the 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 2015.

Reserves Transfer

An adjustment has been made to transfer funds from unrestricted to restricted funds due to an error in prior years. The expense relating to the unrestricted income was utilised out of the restricted fund rather than the unrestricted fund. This means that the carry forward limit in previous years was exceeded (which was stated in last year's accounts but the amount has increased).

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

16 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Funds £000	Total Funds £000
Tangible fixed assets			27,824		27,824
Current assets	301	2,113	1,129	667	4,210
Current liabilities		(1,132)			(1,132)
Non-current liabilities					
Pension scheme liability		(275)			(275)
Total net assets	301	706	28,953	667	30,627

17 Financial commitments

Operating leases

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

	2015 £000	2014 £000
Operating Leases		
Expiring within one year		
Expiring within two and five years inclusive	4	8
Expiring in over five years		
	4	8

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

18 Reconciliation of net income to net cash inflow from operating activities

	2015	2014
	£000	£000
Net income	(835)	(309)
Depreciation (note 13)	749	742
Profit/(loss) on disposal of fixed assets	11	0
Capital grants from DfE and other capital income	(42)	-
Interest receivable	(11)	(13)
FRS 17 pension cost less contributions payable (note 29)	91	(51)
FRS 17 pension finance income (note 29)	(60)	66
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	5	384
Increase/(decrease) in creditors	71	76
Net cash provided by / (used in) Operating Activities	<u>(21)</u>	<u>895</u>

19 Returns on investments and servicing of finance

	2015	2014
	£000	£000
Interest received	11	13
Net cash inflow from returns on investment and servicing of finance	<u>11</u>	<u>13</u>

20 Capital expenditure and financial investment:

	2015	2014
	£000	£000
Purchase of tangible fixed assets	(157)	(242)
Capital grants from DfE/EFA	42	0
Capital funding received from sponsors and others	0	0
Receipts from sale of tangible fixed assets	0	0
Net cash outflow from capital expenditure and financial investment	<u>(115)</u>	<u>(242)</u>

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

21 Analysis of changes in net funds

	At 1 September 2014 £000	Cash flows £000	At 1 August 2015 £000
Cash in hand and at bank	3,382	(125)	3,257
Total cash and cash equivalents	<u>3,382</u>	<u>(125)</u>	<u>3,257</u>

22 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.

23 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; 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 related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

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

23 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £523,623.43 (2014: £496,302.83)

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

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

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 2015 was £235,000, of which employer's contributions totalled £172,000 and employees' contributions totalled £63,000. The agreed contribution rates for future years range from 5.5% to 6.5% per cent for employees depending on salary and for employers 16.5% from 1 April 2015 and 17% from 1 April 2016.

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 Pensions Scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

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

23 Pension and similar obligations (*continued*)

Principal Actuarial Assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	3.90%	3.80%
Rate of increase for pensions in payment/inflation	2.70%	2.70%
Discount rate for scheme liabilities	3.80%	3.70%
Inflation assumption (CPI)	3.80%	5.50%
Commutation of pensions to lump sums	80.00%	80.00%

23 Pension and similar obligations (*continued*)

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	21.4	21.4
Females	24.0	24
<i>Retiring in 20 years</i>		
Males	24.0	24
Females	26.6	26.6

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

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

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair Value at 31 August 2014
		£000		£000
Equities	3.8%	2901	6.3%	2,649
Bonds	3.8%	725	3.2%	671
Property	3.8%	242	4.5%	224
Cash	3.8%	161	3.3%	186
Total market value of assets		<u>4,029</u>		<u>3,730</u>
Present value of scheme liabilities				
-Funded		(4,304)		(3,939)
Surplus/(deficit) in the scheme		<u>(275)</u>		<u>(209)</u>

The actual return on scheme assets was £88,000 (2014: £373,000)

Amounts recognised in the statement of financial activities

	2015 £000	2014 £000
Current service cost (net of employee contribution)	200	165
Past service	0	0
Total operating charge	<u>200</u>	<u>165</u>

Analysis of pension Income/(costs)

	2015 £000	2014 £000
Expected return on pension scheme assets	211	220
Interest on pension liabilities	(151)	(169)
Pension finance income/(costs)	<u>60</u>	<u>51</u>

The actuarial 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 £166,000 loss (2014: £131,000 loss).

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

23 Pension and similar obligations (*continued*)

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

	2015 £000	2014 £000
At 1 September	3,939	3,560
Current service cost	263	225
Interest cost	151	169
Employee contributions	63	60
Actuarial (gain)/loss	(89)	(19)
Benefits paid	(23)	(64)
Past service cost	-	-
Curtailments and settlements	-	8
At 31 August	<u>4,304</u>	<u>3,939</u>

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

	2015 £000	2014 £000
At 1 September	3,730	3,646
Expected return on assets	211	220
Actuarial gain/(loss)	(124)	(299)
Employer contributions	172	167
Employee contributions	63	60
Benefits paid	(23)	(64)
At 31 August	<u>4,029</u>	<u>3,730</u>

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

23 Pension and similar obligations (continued)

The estimated value of employer contributions for the year ended 31 August 2015 is £175,000.

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

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(4,304)	(3,939)	(3,560)	(2,760)	(2,217)
Fair value of share of scheme assets	4,029	3,730	3,646	2,976	2,536
Deficit in the scheme	(275)	(209)	86	216	319
Experience adjustments on share of the scheme assets					
Amount £000	(124)	(299)	333	69	(100)
Experience adjustments on scheme liabilities:					
Amount £000	17	565	-	(2)	109

24 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

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

An Endowment Fund payment received during the incorporation from sponsors Tameside College as part of the original funding agreement for £666,666 was reinvested during the year resulting in an interest of £7,978.07. Endowment interest is held within unrestricted funds, with a preference for these monies to be used for raising aspirations, such as promoting higher education.

Sponsors, Tameside College, were paid £8,141.60 (£74,576.19 in 2013/14). £7,834.40 related to alternative provision for students and the balance of £307.20 related to HR costs as per a previous service level agreement which has now ceased.

Services to Droylsden Academy Senior Leadership Team (totalling £1,900) from Duncan Training Ltd (Director: Drew Duncan) in the absence of a substantive Headteacher. On March 23rd 2015, Drew Duncan was appointed on a permanent basis as Executive Headteacher

