

Company Registration No. 06731528 (England and Wales)

# **DROYLSDEN ACADEMY**

**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

# DROYLSDEN ACADEMY

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# DROYLSDEN ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Tameside College  
Mr P Ryder  
Ms L Kendal (Resigned 24 March 2016)  
Ms J Worsdale  
Mr J Lyne (Appointed 16 June 2016)  
Ms J Moores (Appointed 08 July 2016)  
Mr L Dowd (Appointed 08 September 2016)

### Trustees

Mr P Ryder (Chair of Trustees) (Resigned 7 July 2016)  
Mr L Dowd (Chair of Trustees) (Appointed 16 June 2016)  
Mr P J Wilson (Headteacher and Accounting Officer)  
Ms J Worsdale (Vice Chair) (Resigned 7 July 2016)  
Mr J Lyne  
Mrs H Daly  
Mr D Deasy (Resigned 7 July 2016)  
Ms L Kendal (Resigned 24 March 2016)  
Mr J Rogers  
Mr M Mistry (Responsible Officer) (Resigned 7 July 2016)  
Ms C Williams  
Mrs L French (Appointed 16 June 2016)  
Miss A Kaur (Appointed 16 June 2016)  
Mr N Mohandas (Appointed 16 June 2016)  
Mrs J V Moores (Appointed 16 June 2016)

### Senior management team

- Executive Headteacher	Mr D Duncan
- Headteacher (Principal and Accounting Officer)	Mr P Wilson
- Deputy Headteacher	Mr E Mayell
- Deputy Headteacher	Mrs A Wood
- Senior Assistant Headteacher	Mrs G Arnold
- Assistant Headteacher	Ms D Lloyd
- Assistant Headteacher	Dr L Schofield
- Business Manager	Mrs S McKay
- Support Staff and Student Services Manager	Mr R Wakefield

### Company secretary

Dr N Elgar

### Company registration number

06731528 (England and Wales)

### Company name

Droylsden Academy

### Registered office

Manor Road  
Droylsden  
Manchester  
M43 6QD

# DROYLSDEN ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor**                      Moore and Smalley LLP (Preston)  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

**Bankers**                                        Lloyds TSB Bank Plc  
53 King Street  
Manchester  
M2 4LQ

**Solicitors**                                    Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

# DROYLSDEN ACADEMY

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2016

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The Trustees present their annual report together with the accounts and independent auditor's report of the Charitable Company for the period 1 September 2015 to 31 August 2016. 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 832 in the School Census on 1 October 2015.

#### **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 during the year are included in the Reference and Administrative Details on page 1.

##### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### Trustees' indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. Indemnity cover for trustee's in 2015/16 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.

# DROYLSDEN ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 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, two Deputy Headteachers, a Senior Assistant Headteacher, two Assistant Headteachers, a Finance and Buildings Manager and a Support Staff and Student Services Manager. 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 Head teacher's role includes head of strategy and partnerships.

In 2015/16 the Board of Trustees operated the following committees:

#### **Audit Committee (until March 2016)**

Audit and Risk Management

#### **Discipline Committee**

Pupil exclusions.

#### **Finance and Premises Committee (from March 2016)**

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

#### **Remuneration Committee**

Remuneration of the Executive Headteacher, Headteacher and Clerk.

During the year the Audit Committee was subsumed into a wider Finance and Premises Committee.

### Arrangements for setting pay and remuneration of key management personnel

Responsibility for determining the remuneration of the Executive Headteacher, Headteacher and Clerk lies with the Remuneration Committee. Remuneration of all other (teaching) senior staff is in accordance with the Academy's Pay Policy (broadly similar to that agreed between Tameside Metropolitan Borough Council (TMBC) and relevant trade unions) and includes a rigorous annual performance appraisal. Senior support staff are remunerated in accordance with the support staff pay policy, also agreed between TMBC and relevant trade unions.

# DROYLSDEN ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### Related parties and other connected charities and organisations

The Academy Trust works closely with its principal sponsor, Tameside College on a range of matters including advocacy, 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

A subsidiary company, Droylsden Academy Lettings Limited, established to manage lettings activity remained dormant throughout 2015/16, with activity managed by Droylsden Academy. On 19 May 2016, following further advice, a decision was made to formally dissolve the subsidiary company with lettings activity to be brought in-house.

### **Objectives and activities**

#### Objects and aims

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.

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 three 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

2015/16 was the seventh year of operation for Droylsden Academy. Within the context of a lower prior attaining Year 11 cohort than for the previous year, key objectives were to:

- improve the quality of teaching and learning so that 75% is typically judged as good or better by end of academic year 2015/16;
- maintain the percentage of students achieving 5A\*-C GCSE including English and Maths at 53%;
- maintain the percentage of students achieving A\*-C in both English and Maths (BASICS) at 57%;
- achieve a Progress 8 score of +0.3 and an Attainment 8 score of D+;
- secure 10% of students achieving 3A\*-A grades;
- achieve a student attendance equivalent to the national average (2014/15) of 94.6% by July 2016;
- further enhance the culture for learning, especially for SEND students and the least advantaged;
- continue to develop partnerships with local primary and secondary schools and the local community and see Year 7 enrolments for 2016 reach 165 – 170;
- achieve a balanced budget in 2017/18.

# DROYLSDEN ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

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

The Trustees have encouraged and arranged 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 2016 are summarised below:

- maintaining the overall level of attainment while improving progress;
- improving the teaching typicality profile from 57% of teaching judged as good or better to 77% in October 2016. Typically inadequate teaching has been eradicated;
- securing (mostly) accurate teacher predictions for the second year in row;
- responded to a falling roll (and therefore income) through managing costs and restructuring support staff. A target has been set to achieve a balanced budget for the 2018/19 academic year. In-year savings reduced the planned budget deficit of £341k to £173k and significantly reduced the planned budget deficit for 2016/17;
- improved community engagement. The Academy has served as the main venue for strategic community events, hosted events for public bodies, schools, colleges and local people. Its range of sports facilities available for use by the local community include playing fields, sports hall, multi-use games area and all weather pitch;
- improved its standing in the community. The Academy has focussed on developing partnerships with local primary schools and with Clarendon Sixth Form College. Year 7 enrolments for the 2016 reached the maximum of 180 and exceeding the target of 165 – 170.

### Key performance indicators

For the academic year 2015/16 performance against KPIs was as follows:

Key Performance Indicator	Performance	Target
GCSE 5A*-C (including English and Maths)	52%	53%
A*-C English and Maths (BASICS)	52%	57%
A*-C English	66%	65%
A*-C Maths	60%	60%
English 3 levels of progress	73%	70%
English 4 levels of progress	34%	32%
Maths 3 levels of progress	67%	65%
Maths 4 levels of progress	31%	29%
3A*-A	16%	10%
Attainment 8	D	D+
Progress 8	-0.11	+0.3
Teaching typicality judged to be good or better	77% (October 2016)	75%
Attendance	94.2%	94.6%
Year 7 enrolments for 2016	165 – 170	180
Budget outturn	£173k deficit	£341k deficit



# DROYLSDEN ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 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 the Board of Trustees continues to adopt the going concern basis in preparing the accounts. 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 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2016, total expenditure of £5,831k (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 £128k.

During the year a review of support staff was undertaken which resulted in a reduction of £224k on the initial projected in year deficit. A long term financial plan is currently in preparation to reduce a projected deficit of £720k in 2019.

All 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 2016, the scheme had a deficit of £1,253k.

The Academy does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future. Parliament has agreed, as the request of the Secretary of State for Education, to a guarantee that, in the event of Academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The Academy Trust held fund balances at 31 August 2016 represented in the Statement of Financial Activities and Balance sheet of £28,818k.

### 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.

Unrestricted income funds of £340k represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

# DROYLSDEN ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### Investment policy and powers

Droylsden Academy Trust currently has a treasury management policy approved by the Governing Body 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

Trustees have assessed the major risks to which the Academy is exposed. Key risks identified and plans for managing these risks include:

- student progress and examination results – improving the quality and teaching and learning and creating a strong culture for learning;
- stakeholder perception, reputation and competition – engaging with parents and establishing formal partnerships with local primary schools;
- falling pupil numbers and reduced income – managing costs, with a focus on ensuring Academy's staffing complement is commensurate with student numbers
- recruitment and retention of quality staff – operating a flexible Pay Policy, providing development opportunities and awarding additional responsibilities to incentivise both recruitment and retention.

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.

### 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 for 2015/16 and plans derived from the register were scrutinised by the Board of Trustees in July 2015.

### **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. Priorities for the future identified in the Academy Improvement Plan, include:

#### Priority 1:

Improve Pupil Outcomes through raising the achievement (progress and attainment) and aspiration of our students.

#### Priority 2:

Secure typically Good (or better) Teaching, Learning and Assessment

#### Priority 3:

Further enhance the Culture for Learning, especially for SEND students and the least advantaged

#### Priority 4:

Partnerships, Academic and Financial Success

## DROYLSDEN ACADEMY

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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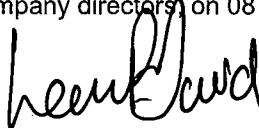
#### Auditor

In so far 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 have resigned as auditors during the year. Subsequently, Moore and Smalley LLP were appointed the Academy's external auditors for 2015/16.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 08 December 2016 and signed on its behalf by:



Mr L Dowd  
Chair of Trustees

# DROYLSDEN ACADEMY

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

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### Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Droylsden Academy 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr P Ryder (Chair of Trustees) (Resigned 7 July 2016)	4	6
Mr L Dowd (Chair of Trustees) (Appointed 16 June 2016)	1	1
Mr P J Wilson (Headteacher and Accounting Officer)	6	6
Ms J Worsdale (Vice Chair) (Resigned 7 July 2016)	5	6
Mr J Lyne	6	6
Mrs H Daly	5	6
Mr D Deasy (Resigned 7 July 2016)	6	6
Ms L Kendal (Resigned 24 March 2016)	4	4
Mr J Rogers	5	6
Mr M Mistry (Responsible Officer) (Resigned 7 July 2016)	6	6
Ms C Williams	3	6
Mrs L French (Appointed 16 June 2016)	0	1
Miss A Kaur (Appointed 16 June 2016)	0	1
Mr N Mohandas (Appointed 16 June 2016)	1	1
Mrs J V Moores (Appointed 16 June 2016)	0	1

During the year five long-standing Trustees retired or resigned. Effective succession planning ensured that five new appropriately skilled Trustees were appointed to ensure effective oversight and challenge was continued.

During the year five long-standing Trustees retired or resigned. Effective succession planning ensured that five new appropriately skilled Trustees were appointed to ensure effective oversight and challenge was continued.

## DROYLSDEN ACADEMY

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Finance and Resources Committee was discontinued at the end of 2014/15 with its work largely returned to the Board of Trustees. However, an Audit Committee was established for 2015/16 to take on the audit and risk management function. Late in 2015/16, however, in response to a request by management for greater Governor involvement in financial planning and monitoring the Audit Committee was subsumed into a Finance and Premises Committee, with responsibility for financial planning, audit, risk management, premises and staff pay. During the year the Committee(s): (i) considered the Responsible Officer Report and drafting findings of the external audit; (ii) reviewed the performance of the auditor; (iii) monitored action taken to address audit recommendations; and, (iv) monitored performance against the budget during 2015/16; (v) considered and recommended a draft budget for 2016/17; (vi) considered and recommended a pay award for the Academy's support staff; (vii) considered and approved a tender process for capital works required at the Academy; and, (viii) considered alternative approaches to risk management.

The Audit Committee comprised three members: M Mistry, had financial experience from operating his own business, was Chair of the Audit Committee of a further education corporation; H Daly worked as a credit controller and has served on the finance committee of a local primary school; and J Rogers was 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 of children centres in financial management. He also mentored and supported new local authority headteachers in financial management. John Lyne and Phil Wilson joined on 19 May 2016, when the Audit Committee was subsumed into the Finance and Premises Committee. J Lyne worked as a Practice Manager for two NHS medical centres and is AAT qualified. P Wilson was the Academy's accounting officer.

Attendance at Finance and Premises Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr P J Wilson (Headteacher and Accounting Officer)	1	1
Mr J Lyne	1	1
Mrs H Daly	1	1
Mr J Rogers	1	1
Mr M Mistry (Responsible Officer) (Resigned 7 July 2016)	1	1

Attendance at Audit Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs H Daly	1	1
Mr J Rogers	1	1
Mr M Mistry (Responsible Officer) (Resigned 7 July 2016)	1	1

#### 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.

# DROYLSDEN ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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The Accounting Officer considers how the Academy 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 broadly similar results to 2015, with 52% of Year 11 students securing 5A\*-C (including English and Maths) GCSEs, despite the cohort having significantly lower prior attainment;
- the Year 11 students making expected (3 levels) progress and better than expected (4 levels) progress in both English and Maths that was higher than the national average for 2015;
- a careful reform and restructure of the Learning Support Faculty, whereby the Academy was able to make significant savings without any compromise to standards for SEND students;
- a service redesign of the Academy's support staff that helped reduced the planned deficit in 2015/16 by £224k.

#### **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 for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

#### **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 period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. 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 Premises 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 Moore and Smalley to assist the Responsible Officer (RO) function on behalf of Manilal Mistry, a Trustee, appointed as RO.

Moore and Smalley carry out the RO function in addition to their role as the Academy's external auditor. The RO function is carried out by individuals who are separate from the audit team. 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 Board of Trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Trustees.

## **DROYLSDEN ACADEMY**

### **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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During the year Moore and Smalley have undertaken a programme of work covering payroll, contracts, 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 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 Premises Committee/Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 08 December 2016 and signed on its behalf by:



**Mr L Dowd**  
**Chair of Trustees**



**Mr P J Wilson**  
**Headteacher and Accounting Officer**

## **DROYLSDEN ACADEMY**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

**FOR THE YEAR ENDED 31 AUGUST 2016**

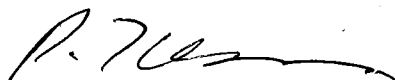
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As accounting officer of Droylsden Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust's 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 2015.

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.

**Mr P J Wilson**  
**Accounting Officer**



08 December 2016



# DROYLSDEN ACADEMY

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

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The trustees (who also act as governors for Droylsden Academy and are also the directors of Droylsden Academy for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare accounts for each financial year. Under company law the Trustees must not approve the accounts 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 accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the Board of Trustees on 08 December 2016 and signed on its behalf by:



**Mr L Dowd**  
**Chair of Trustees**

## **DROYLSDEN ACADEMY**

### **INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF DROYLSDEN ACADEMY**

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We have audited the accounts of Droylsden Academy for the year ended 31 August 2016 set out on pages 20 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 Trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the Trustees, who are also the directors of Droylsden Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

## DROYLSDEN ACADEMY

### INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF DROYLSDEN ACADEMY (CONTINUED)

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#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

*T Johnson*

**Tracey Johnson (Senior Statutory Auditor)  
for and on behalf of Moore and Smalley LLP (Preston)  
Chartered Accountants  
Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

Dated: *19/12/16*

## **DROYLSDEN ACADEMY**

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

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In accordance with the terms of our engagement letter dated 15 November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Droylsden Academy during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Droylsden Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Droylsden Academy 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 Droylsden Academy and EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Droylsden Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Droylsden Academy's funding agreement with the Secretary of State for Education dated 8 May 2009 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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 to our conclusion includes an evaluation of the control environment of the School together with enquiry, analytical review and substantive testing of transactions.

## DROYLSDEN ACADEMY

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DROYLSDEN ACADEMY AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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#### 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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*TJ Johnson*

**Tracey Johnson**  
**Reporting Accountant**  
**Moore and Smalley LLP (Preston)**

Dated: 19/2/16

# DROYLSDEN ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Endowment funds £'000	Total 2016 £'000	Total 2015 £'000
<b>Income and endowments from:</b>							
Donations and capital grants	2	-	1	19	-	20	42
Charitable activities:							
- Funding for educational operations	3	136	5,478	-	-	5,614	5,902
Other trading activities	4	77	-	-	-	77	57
Investments	5	11	-	-	-	11	11
<b>Total income and endowments</b>		<u>224</u>	<u>5,479</u>	<u>19</u>	<u>-</u>	<u>5,722</u>	<u>6,012</u>
<b>Expenditure on:</b>							
Raising funds	6	43	-	-	-	43	-
Charitable activities:							
- Educational operations	7	143	5,645	809	-	6,597	6,916
<b>Total expenditure</b>	6	<u>186</u>	<u>5,645</u>	<u>809</u>	<u>-</u>	<u>6,640</u>	<u>6,916</u>
<b>Net income/ (expenditure)</b>		38	(166)	(790)	-	(918)	(904)
Transfers between funds		-	(38)	38	-	-	-
<b>Other recognised gains and losses</b>							
Actuarial gains/ (losses) on defined benefit pension schemes	16	-	(891)	-	-	(891)	34
<b>Net movement in funds</b>		38	(1,095)	(752)	-	(1,809)	(870)
<b>Reconciliation of funds</b>							
Total funds brought forward		302	705	28,953	667	30,627	31,497
Total funds carried forward	14	<u>340</u>	<u>(390)</u>	<u>28,201</u>	<u>667</u>	<u>28,818</u>	<u>30,627</u>

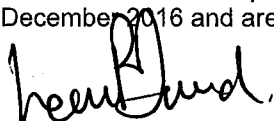
# DROYLSDEN ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	11		27,570		27,824
<b>Current assets</b>					
Debtors	12	362		286	
Investments		667		667	
Cash at bank and in hand		2,467		3,257	
		<u>3,496</u>		<u>4,210</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(995)		(1,132)	
<b>Net current assets</b>			2,501		3,078
<b>Net assets excluding pension liability</b>			30,071		30,902
Defined benefit pension liability	16		(1,253)		(275)
<b>Net assets</b>			<u>28,818</u>		<u>30,627</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	14				
- Fixed asset funds			28,201		28,953
- Restricted income funds			863		981
- Pension reserve			(1,253)		(275)
- Endowment funds			667		667
<b>Total restricted funds</b>			<u>28,478</u>		<u>30,326</u>
<b>Unrestricted income funds</b>	14		340		301
<b>Total funds</b>			<u>28,818</u>		<u>30,627</u>

The accounts set out on pages 20 to 41 were approved by the Board of Trustees and authorised for issue on 08 December 2016 and are signed on its behalf by:



Mr L Dowd  
Chair of Trustees

Company Number 06731528

# DROYLSDEN ACADEMY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

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		2016		2015	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	17		(265)		(32)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		11		11	
Capital grants from DfE and EFA		19		42	
Payments to acquire tangible fixed assets		(555)		(157)	
Proceeds from sales of tangible fixed assets		-		11	
			(525)		(93)
<b>Change in cash and cash equivalents in the reporting period</b>					
			(790)		(125)
Cash and cash equivalents at 1 September 2015			3,257		3,382
<b>Cash and cash equivalents at 31 August 2016</b>			<u>2,467</u>		<u>3,257</u>

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# DROYLSDEN ACADEMY

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

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

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

Droylsden Academy meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Droylsden Academy prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 21.

#### 1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

---

### 1 Accounting policies

(Continued)

#### 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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 Academy Trust has provided the goods or services.

#### Donated goods, facilities and services

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

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

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

#### Governance costs

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

### 1.5 Tangible fixed assets and depreciation

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. Where there are specific conditions attached to the funding that require the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold land	125 years
Long leasehold buildings	40 years
Fixtures, fittings & equipment	7 years
Computer equipment	5 years

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.

### 1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

### 1.8 Investments

Current asset investments are stated at market value.

### 1.9 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.

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

#### 1.10 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 quadrennial valuations using a prospective unit credit method. As stated in note 16, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

#### 1.11 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.

#### 1.12 Long leasehold

The Academy is recipient of a 125 year lease under a peppercorn agreement between the Academy Trust and the Local Authority for the use of the 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.

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

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

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

#### Critical accounting estimates and assumptions

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

#### Useful economic life of tangible fixed assets

The useful economic life of tangible fixed assets is judged at the point of purchase.

As standard, a useful economic life of 40 years is applied to long leasehold land and buildings, 7 years for fixtures, fittings and equipment and 5 years for computer equipment.

#### Impairment of fixed assets

At each balance sheet date, management undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, an impairment is recorded as an impairment loss.

#### Impairment of trade debtors

At each balance sheet date, management undertake a review of outstanding debtor balances and consider whether there is any indication of impairment or any balances requiring provision.

This calculation is based on the financial position of the customers, the payment history and any ongoing discussions.

#### Valuation of the Local Government Pension Scheme defined benefit liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Critical areas of judgement

##### Classification and valuation of long leasehold land and buildings

The academy's long leasehold land and buildings are held under a 125 year lease and are wholly used in the course of the academy's business and are held within the academy.

At the date of transfer to the academy, the long leasehold land and buildings were measured at their fair, which has been interpreted as deemed cost. Subsequent purchases of land and buildings are initially measured at cost.

##### Classification of finance and operating leases

At the inception of each lease, management undertake an assessment of the terms of the lease including the payments to be made over the life of the lease, the fair value of the asset subject to the lease, the length of the lease and whether the terms of the lease transfer substantially all of the risks and rewards of ownership.

Based on this assessment, management will determine whether the lease should be classified as a finance or operating lease.

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	19	19	42
Other donations	-	1	1	-
	<u>-</u>	<u>20</u>	<u>20</u>	<u>42</u>

The income from donations and capital grants was £20,000 (2015: £42,000) of which £1,000 was restricted (2015: £Nil) and £19,000 was restricted fixed assets (2015: £42,000)

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	4,937	4,937	5,252
Other DfE / EFA grants	-	429	429	436
	<u>-</u>	<u>5,366</u>	<u>5,366</u>	<u>5,688</u>
<b>Other government grants</b>				
Local authority grants	-	16	16	12
	<u>-</u>	<u>16</u>	<u>16</u>	<u>12</u>
<b>Other funds</b>				
Other incoming resources	136	96	232	202
	<u>136</u>	<u>96</u>	<u>232</u>	<u>202</u>
<b>Total funding</b>	<u>136</u>	<u>5,478</u>	<u>5,614</u>	<u>5,902</u>

The income from funding for educational operations was £5,614,000 (2015: £5,902,000) of which £136,000 was unrestricted (2015: £169,000) and £5,578,000 was restricted (2015: £5,733,000)

### 4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	63	-	63	57
Other income	14	-	14	-
	<u>77</u>	<u>-</u>	<u>77</u>	<u>57</u>

The income from other trading activities was £77,000 (2015: £57,000) of which £77,000 was unrestricted (2015: £57,000).

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	3	-	3	3
Other investment income	8	-	8	8
	<u>11</u>	<u>-</u>	<u>11</u>	<u>11</u>

The income from funding for investment income was £11,000 (2015: £11,000) of which £11,000 was unrestricted (2015: £3,000) and £Nil was restricted (2015 £8,000).

### 6 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
<b>Academy's educational operations</b>					
- Direct costs	3,391	809	442	4,642	4,711
- Allocated support costs	986	210	759	1,955	2,205
	<u>4,377</u>	<u>1,019</u>	<u>1,201</u>	<u>6,597</u>	<u>6,916</u>
<b>Other expenditure</b>					
Raising funds	<u>41</u>	<u>-</u>	<u>2</u>	<u>43</u>	<u>-</u>
<b>Total expenditure</b>	<u>4,418</u>	<u>1,019</u>	<u>1,203</u>	<u>6,640</u>	<u>6,916</u>

The expenditure on raising funds was £43,000 (2015 £Nil) of which £43,000 was unrestricted.

### Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor for:		
- Audit	9,000	14,000
- Other services	10,245	5,000
Operating lease rentals	2,165	4,000
Depreciation of tangible fixed assets	<u>809</u>	<u>749</u>

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	1	4,641	4,642	4,711
Support costs - educational operations	142	1,813	1,955	2,205
	<u>143</u>	<u>6,454</u>	<u>6,597</u>	<u>6,916</u>

The expenditure on educational operations was ££6,597,000 (2015: £6,916,000) of which £143,000 was unrestricted (2015: £223,000), £5,645,000 was restricted (2015 £5,944,000) and £809,000 was restricted fixed assets (2015 £749,000)

	2016 £'000	2015 £'000
<b>Analysis of support costs</b>		
Support staff costs	986	1,122
Premises costs	463	473
Other support costs	487	534
Governance costs	19	76
	<u>1,955</u>	<u>2,205</u>

### 8 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	3,801	3,592
Social security costs	260	250
Operating costs of defined benefit pension schemes	87	571
	<u>4,148</u>	<u>4,413</u>
Staff costs	4,148	4,413
Supply staff costs	252	209
Staff restructuring costs	18	73
	<u>4,418</u>	<u>4,695</u>



# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Staff costs

(Continued)

#### Staff numbers

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

	2016 Number	2015 Number
Teachers	54	51
Administration and support	84	77
Management	7	6
	<u>145</u>	<u>134</u>

#### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	1	-
£80,001 - £90,000	1	1
	<u>1</u>	<u>1</u>

The above employee(s) participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for these members of staff amounted to £24,454 (2015: £11,349).

#### Non statutory/non-contractual staff severance payments

During the year staff severance payments of £16,748 were made, one for £13,173 and one for £3,575.

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £586,873 (2015 £578,668).

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 9 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

P Wilson (Principal and Trustee)

Remuneration £85,000 - £90,000 (2015: £80,000 - £85,000)

Employer's pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000)

C Williams (Staff Trustee)

Remuneration £15,000 - £20,000 (2015: £15,000 - £20,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

### 10 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim.

### 11 Tangible fixed assets

	Long leasehold buildings £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 September 2015	30,201	316	12	30,529
Additions	337	192	26	555
At 31 August 2016	30,538	508	38	31,084
<b>Depreciation</b>				
At 1 September 2015	2,569	124	12	2,705
Charge for the year	731	73	5	809
At 31 August 2016	3,300	197	17	3,514
<b>Net book value</b>				
At 31 August 2016	27,238	311	21	27,570
At 31 August 2015	27,632	192	-	27,824

## DROYLSDEN ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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<b>12 Debtors</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	10	13
VAT recoverable	169	120
Prepayments and accrued income	183	153
	<u>362</u>	<u>286</u>
	<u><u>362</u></u>	<u><u>286</u></u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	475	229
Other taxation and social security	104	70
EFA creditors	-	444
Other creditors	1	13
Accruals and deferred income	415	376
	<u>995</u>	<u>1,132</u>
	<u><u>995</u></u>	<u><u>1,132</u></u>

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 14 Funds

	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant	628	4,937	(5,125)	-	440
Other DfE / EFA grants	281	429	(359)	-	351
Other government grants	71	16	(15)	-	72
Other restricted funds	-	97	(59)	(38)	-
	<u>980</u>	<u>5,479</u>	<u>(5,558)</u>	<u>(38)</u>	<u>863</u>
Funds excluding pensions					
Pension reserve	(275)	-	(87)	(891)	(1,253)
	<u>705</u>	<u>5,479</u>	<u>(5,645)</u>	<u>(929)</u>	<u>(390)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	1,129	19	-	(516)	632
Inherited funds	27,310	-	(714)	-	26,596
Capital expenditure from GAG and other funds	514	-	(95)	554	973
	<u>28,953</u>	<u>19</u>	<u>(809)</u>	<u>38</u>	<u>28,201</u>
Restricted endowment fund	<u>667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>667</u>
<b>Total restricted funds</b>	<u>30,325</u>	<u>5,498</u>	<u>(6,454)</u>	<u>(891)</u>	<u>28,478</u>
<b>Unrestricted funds</b>					
General funds	<u>302</u>	<u>224</u>	<u>(186)</u>	<u>-</u>	<u>340</u>
<b>Total funds</b>	<u>30,627</u>	<u>5,722</u>	<u>(6,640)</u>	<u>(891)</u>	<u>28,818</u>

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 14 Funds

(Continued)

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement. The school is not subject to a limit on GAG carry forward.

Other DFE/EFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants include LEA funding for Special Educational Needs.

Other restricted funds include contributions for school trips and other donations and their related expenditure.

The pension reserve represents the value of the School's share of the deficit in the local Government Pension Scheme.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants and donations during the period. Depreciation will be charged against the fund.

### 15 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Endowment funds £'000	Total 2016 £'000
<b>Fund balances at 31 August 2016 are represented by:</b>					
Tangible fixed assets	-	-	27,570	-	27,570
Current assets	340	1,858	631	667	3,496
Creditors falling due within one year	-	(995)	-	-	(995)
Defined benefit pension liability	-	(1,253)	-	-	(1,253)
	<u>340</u>	<u>(390)</u>	<u>28,201</u>	<u>667</u>	<u>28,818</u>

### 16 Pensions and similar obligations

The Academy Trust'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. Both are multi-employer 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 that of the LGPS related to the period ended 31 March 2013.

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

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Pensions 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £326,448 (2015: £523,623)

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

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

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Pensions and similar obligations

(Continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % for employees.

[Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.]

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions (rounded)	166	172
Employees' contributions (rounded)	59	63
Total contributions	<u>225</u>	<u>235</u>

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.4	3.9
Rate of increase for pensions in payment	2.1	2.7
Discount rate	<u>2.1</u>	<u>3.8</u>

The FRC Reporting Statement 'Retirement Benefits' recommends that disclosure should include a 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.

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

	2016 Years	2015 Years
Retiring today		
- Males	21.4	21.4
- Females	24.0	24.0
Retiring in 20 years		
- Males	24.0	24.0
- Females	<u>26.6</u>	<u>26.6</u>

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Pensions and similar obligations

(Continued)

#### The Academy Trust's share of the assets in the scheme

	2016 Fair value £'000	2015 Fair value £'000
Equities	3,644	2,901
Bonds	860	725
Cash	253	161
Property	304	242
	<u>5,061</u>	<u>4,029</u>
	<u>5,061</u>	<u>4,029</u>
Actual return on scheme assets - gain/(loss)	830	87
	<u>830</u>	<u>87</u>

#### Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	75	91
Net interest cost	12	9
	<u>87</u>	<u>100</u>
	<u>87</u>	<u>100</u>

#### Changes in the present value of defined benefit obligations

	2016 £'000
Obligations at 1 September 2015	4,304
Current service cost	241
Interest cost	169
Employee contributions	59
Actuarial loss	1,564
Benefits paid	(23)
	<u>6,314</u>
At 31 August 2016	<u>6,314</u>

#### Changes in the fair value of the Academy Trust's share of scheme assets

	2016 £'000
Assets at 1 September 2015	4,029
Interest income	157
Return on plan assets (excluding amounts included in net interest):	
Actuarial gain	673
Employer contributions	166
Employee contributions	59
Benefits paid	(23)
	<u>5,061</u>
At 31 August 2016	<u>5,061</u>



# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 16 Pensions and similar obligations

(Continued)

### 17 Reconciliation of net expenditure to net cash flows from operating activities

	2016 £'000	2015 £'000
Net expenditure for the reporting period	(918)	(904)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(19)	(42)
Investment income	(11)	(11)
Defined benefit pension costs less contributions payable	75	91
Defined benefit pension net finance cost/(income)	12	9
Depreciation of tangible fixed assets	809	749
(Increase)/decrease in debtors	(76)	5
Increase/(decrease) in creditors	(137)	71
<b>Net cash used in operating activities</b>	<u>(265)</u>	<u>(32)</u>

### 18 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	1	-
Amounts due in two and five years	4	-
	<u>5</u>	<u>-</u>

# DROYLSDEN ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### 19 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 interest of £7,709 (2015 £7,978). 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 £15,400 (2015 £8,142) relating to alternative provision and the provision of HR services.

### 20 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £[insert amount as stated in memorandum and articles of association] for the debts and liabilities contracted before he or she ceases to be a member.

### 21 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

#### Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	31,497	30,627
	<u>          </u>	<u>          </u>

#### Reconciliation of net loss for the previous financial period

		2015 £'000
Net expenditure as reported under previous UK GAAP and under FRS 102		(870)
		<u>          </u>

## **DROYLSDEN ACADEMY**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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#### **21 Reconciliations on adoption of FRS 102**

**(Continued)**

##### **Notes to reconciliations on adoption of FRS 102**

###### **Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenses by £69,000 and increase the credit in other recognised gains and losses in the SOFA by the equivalent amount.

