

Company Registration No. 06731528 (England and Wales)

DROYLSDEN ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

DROYLSDEN ACADEMY

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DROYLSDEN ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Tameside College Mr J Lyne Ms J Moores Mr L Dowd
Trustees	Mr L Dowd (Chair of Trustees) Mr P J Wilson (Headteacher and Accounting Officer) Mr J Lyne Mr J Rogers Mrs L French (Resigned 13 July 2018) Mr N Mohandas Mrs J V Moores Mr S Jackson Mrs C Lloyd Miss P Townson (Resigned 20 May 2018)
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
- Deputy Headteacher	Mrs G Arnold
- Senior Assistant Headteacher	Ms D Lloyd
- Assistant Headteacher	Mr T Evans
- Assistant Headteacher	Mrs M Mezzone
- Support Staff and Student Services Manager	Mr R Wakefield
- Business Manager	Mr W Lyon
Company secretary	Dr N Elgar
Company name	Droylsden Academy
Company registration number	06731528 (England and Wales)
Registered office	Manor Road Droylsden Manchester M43 6QD
Independent auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

DROYLSDEN ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

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 2018

The Trustees present their annual report together with the accounts and independent auditor's report of the Charitable Company for the period 1 September 2017 to 31 August 2018. 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 900 and had a roll of 859 in the School Census on 1 October 2016.

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 2017/18 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 2018

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, three Deputy Headteachers, a Senior Assistant Headteacher, two Associate Assistant Headteachers, a Business Manager (0.4 FTE) and a Support Staff and Student Services Manager (0.8 FTE). 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 2017/18 the Board of Trustees operated the following committees:

Discipline Committee

Pupil exclusions.

Finance and Premises Committee

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

Remuneration Committee

Remuneration of the Executive Headteacher, Headteacher and Clerk.

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.

Trade union facility time

The Trust does not have any relevant union officials.

DROYLSDEN ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 fully 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 four 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

2017/18 was the eighth year of operation for Droylsden Academy. Within the context of a slightly lower prior attaining Year 11 cohort than the national average and with significantly more students from disadvantaged backgrounds than the national average, key objectives were to:

- Ensure that the Class of 2018 were successful against their targets [in progress, attainment, attendance, behaviour and in transition to post-16]
- Improve teaching, learning and the student experience in the classroom
- Secure good or better leadership at all levels
- high prior attaining students' Progress 8 to be 0 and an Attainment 8 of B-
- Improve learning, teaching and the student experience beyond the classroom
- Improve partnerships, transition and finance to secure a strong future for the Academy

DROYLSDEN ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2018 are summarised below:

- Progress 8 is estimated to improve by nearly 2/5 grade compared to 2017
- Strong performance of girls overall in terms of attainment and progress
- Sustained strong performance in English Literature and English Language
- Better progress overall for mid and low prior attainers
- Comparisons with the similar ability 2016 cohort show more students achieving the BASICS of strong passes in both English and Mathematics
- Improved boys overall progress and attainment
- Improved attendance (improved overall by 0.5%)
- Gaps in progress and attainment between non disadvantaged students and disadvantaged students are closing (gains made in the progress and attainment of SEND and Pupil Premium students)
- Over subscribed for the second year running in year 7 (over 80 on the waiting list)
- 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 focused on developing partnerships with local primary schools and with Clarendon Sixth Form College.

DROYLSDEN ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

On 14th and 15th September 2017 a full inspection of the Academy took place. The outcome was :

Overall effectiveness : Good

Quality, of teaching, learning and assessment : Good

Personal development, behaviour and welfare : Good

Outcome for pupils : Good

Her Majesty's Inspector reported that :

"Staff, pupils and parents are fulsome in their praise for the good quality education that the school provides"

"Pupils achieve well because leaders at all levels have high expectations and lead by example"

"The schools core values of politeness, hard work and honesty are in abundance"

"The quality of teaching is good. It is typically interesting, engaging and suitably challenging"

"Pupils are interested in their learning, because teachers have excellent subject knowledge and plan carefully. Teachers quickly set the tone for learning which helps pupils focus and be successful learners"

"Pupils make good progress across a range of subjects including English and maths"

"The most able pupils are well challenged in their learning. The Excel curriculum allows them to make rapid gains in their learning"

"Pupils behave well. They are proud of their school and take on leadership roles readily"

"The behaviour of pupils is good, they are typically polite, well-mannered and considerate"

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 ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2018, total expenditure of £5,700,931 (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 £356,655.

During the year improved purchasing procedures contributed to a reduced budget overspend. A long term financial plan was prepared which will enable the academy to achieve a balanced budget in 2018/19.

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

DROYLSDEN ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2018, the scheme had a deficit of £184,000.

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 2018 represented in the Statement of Financial Activities and Balance sheet of £28,222,962.

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 £395,864 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 Premises 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:

- stakeholder perception, reputation and competition from a new Free School – engaging with parents and establishing formal partnerships with local primary schools; marketing and advertising activity; improving the quality of teaching and learning so as to deliver improved student progress and examination results;
- difficulties in recruiting and retaining staff – operating a flexible Pay Policy, providing development opportunities and awarding additional responsibilities to incentivise both recruitment and retention;
- inadequate income levels – ensuring robust budgeting; managing costs, with a focus on ensuring Academy's staffing complement is commensurate with student numbers; ensuring an effective marketing strategy; reviewing and assessing competitor markets and strategies; exploring external funding opportunities;
- lack of disaster recovery planning including backups – maintaining a business continuity plan for alternative accommodation; maintaining an IT Recovery Plan with appropriate data backup procedures and precautions; ensuring adequate insurance cover;
- a curriculum that does not meet the needs of students – reviewing suitability of current curriculum. Offering a new Engineering qualification. Established links and learning is taking place from some of the highest performing schools in the country;
- falling educational performance of the school – ensuring an effective programme of quality assurance and CPD is in place to evaluate and improve teaching and learning; ensuring target setting and a cycle of assessment evaluation is established within all subjects; creating a strong culture for learning.
- projected increase in contributions to teachers pensions of 7.5% and no assurance of additional funding to support the Academy.

The Trustees continue to review Academy's policies and their implementation.

DROYLSDEN ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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. A risk register is updated and reviewed each term by the Finance and Premises Committee.

Fundraising

Funds have been raised to support local and national charities. Traditional approaches to fundraising have been used, including non uniform days, cakes sales, etc.. All funds are collected by the Finance Department and paid to the relevant charity via BACS/Cheque.

All fundraising activities are monitored by the Senior Leadership Team and are undertaken in accordance with regulations. The Academy does not work with professional fundraisers or commercial participators and has received no complaints in relation to its fundraising activities.

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. A bold two-year Academy Improvement Plan (2017 – 2019) with 5 key priorities, is in its second year. Priorities for the future identified in the Academy Improvement Plan, include:

Priority 1:

The Class of 2019 (Year 11) are successful against their targets [in progress, attainment, attendance, behaviour and in transition to post-16]

Priority 2:

Improving teaching, learning and the student experience in the classroom

Priority 3:

Securing good or better leadership at all levels

Priority 4:

Improving learning, teaching and the student experience beyond the classroom

Priority 5:

Improving partnerships, transition and finance to secure a strong future for the Academy

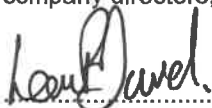
Auditor

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.

Moore and Smalley LLP were appointed the Academy's external auditors in May 2017 for a period of three years, with the option of extending by a further two years subject to satisfactory performance.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 6 December 2018 and signed on its behalf by:



Mr L Dowd

Chair of Trustees

DROYLSDEN ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 L Dowd (Chair of Trustees)	6	6
Mr P J Wilson (Headteacher and Accounting Officer)	6	6
Mr J Lyne	6	6
Mr J Rogers	6	6
Mrs L French (Resigned 13 July 2018)	3	6
Mr N Mohandas	5	6
Mrs J V Moores	5	6
Mr S Jackson	5	6
Mrs C Lloyd	5	6
Miss P Townson (Resigned 20 May 2018)	3	4

During the year two Sponsor Trustees resigned, one citing work commitments and the other because she ended her employment with the Principal Sponsor.

The Board of Trustees assesses the effectiveness of every meeting and identifies emerging risks so that appropriate responses are made. The Board of Trustees also reviews annually its governance arrangements. As part of this, individual committees review their terms of reference and their compliance with them. These are reported to the Board of Trustees and changes to committee terms of reference made as appropriate.

The Board of Trustees has acknowledged its small size which, in the past had led to difficulties faced when trying to convene Discipline Committee meetings at short notice. It also had expressed a desire to develop strategic links with Mossley Hollins High School. Unfortunately the additional Sponsor Trustee appointed in October 2017, who was also a Governor of Mossley Hollins High School, was unable to maintain this commitment due to work commitments. Recruitment of new Trustees is a high priority for the Board of Trustees.

The Board of Trustees receives a variety of high quality reports from the Senior Leadership Team including, finance, student progress, curriculum and the quality of teaching and learning. Where information is lacking or felt could be presented more clearly, this is fed-back to the manager concerned at the time of the meeting, so that future reports meet Trustees' requirements.

DROYLSDEN ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Finance and Premises Committee comprised five members: L French was the Vice Principal Resources at Tameside College and was CIMA qualified. J Lyne is a Practice Manager for two NHS medical centres and is AAT qualified. N Mohandas is both ICAEW and CIMA qualified by experience and is a member of the Chartered Financial Analyst (CFA) Society. J Rogers was a former Headteacher of a local primary school for 20 + years and had full delegated management of the 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. P Wilson is the Academy's accounting officer.

The Finance and Premises Committee has responsibility for financial planning, audit, risk management, premises and personnel. During the year the Committee: (i) considered the Independent Review of Systems and Procedures, draft findings of the external audit and draft Report and Financial Statements ; (ii) monitored action taken to address audit recommendations; and, (iii) monitored performance against the budget during 2017/18; (iv) considered and recommended a draft budget for 2018/19; (v) approved a pay award for the Academy's support staff and teaching staff; (vi) considered annual reports on estates and Academy lettings; and approved a tender process for capital works required at the Academy; (vii) undertaken tours of the Academy to view new building work and areas needing improvement; (viii) reviewed the Academy's risk management activities (ix) approved a range of relevant policies and tenders.

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)	6	6
Mr J Lyne	5	6
Mr J Rogers	6	6
Mrs L French (Resigned 13 July 2018)	4	6
Mr N Mohandas	4	6

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 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:

- improving the school's overall Progress 8 figure - this improved by nearly 2/10 grade
- improving the school's overall Attainment 8 figure, this was done with a less able cohort than in 2017
- strong and improved performance of girls
- pleasing and sustained English outcomes and progress (especially for disadvantaged students)
- improvement in boys progress compared to 2017
- a two year trend much improved SEND outcomes and progress
- improved progress for our low prior attaining students
- improved overall student attendance (+0.5% compared to 2017)
- an improved learning environment and a redesigned Science Faculty base
- close partnerships and shared deployment of resources (including staff) with Mossley Hollins High School contributing to improved services
- significant savings achieved in contracts for payroll and reprographics

DROYLSDEN ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 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 2017 to 31 August 2018 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 MHA Moore and Smalley to provide a supplementary programme of work to assist with the Committee's responsibilities in providing assurance over the suitability of, and compliance with, its financial systems and operational controls. MHA Moore and Smalley carry out this function in addition to their role as the Academy's external auditor.

During the year MHA Moore and Smalley have undertaken a programme of work covering bank and cash, purchase and expenses, income and payroll. The reports detailed a small number of low level risks.

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:

- independent reviews of systems and procedures;
- 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.

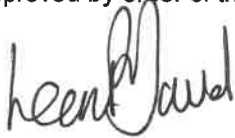
DROYLSDEN ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 06/12/18 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 2018**

As accounting officer of Droylsden Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018 (and predecessors).

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 2018.

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



Mr P J Wilson
Accounting Officer

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DROYLSDEN ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who 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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare 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 2017 to 2018;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 6/12/18 and signed on its behalf by:



Mr L Dowd
Chair of Trustees

DROYLSDEN ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DROYLSDEN ACADEMY FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Droylsden Academy for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

DROYLSDEN ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DROYLSDEN ACADEMY (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DROYLSDEN ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DROYLSDEN ACADEMY (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Richard House
9 Winckley Square
Preston
PR1 3HP

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DROYLSDEN ACADEMY

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 15 November 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Droylsden Academy during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Droylsden Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Droylsden Academy and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Droylsden Academy and ESFA, 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy 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 & SKILLS FUNDING AGENCY (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Reporting Accountant
MHA Moore and Smalley**

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DROYLSDEN ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Endowment funds £	Total 2018 £	Total 2017 £
Income and endowments from:							
Donations and capital grants	3	-	1,795	18,596	-	20,391	18,927
Charitable activities:							
- Funding for educational operations	4	181,300	5,073,709	-	-	5,255,009	5,252,713
Other trading activities	5	81,058	-	-	-	81,058	79,293
Investments	6	5,881	-	-	-	5,881	7,894
Total income and endowments		268,239	5,075,504	18,596	-	5,362,339	5,358,827
Expenditure on:							
Raising funds	7	52,538	-	-	-	52,538	51,271
Charitable activities:							
- Educational operations	8	195,210	5,453,183	835,063	-	6,483,456	6,618,231
Total expenditure	7	247,748	5,453,183	835,063	-	6,535,994	6,669,502
Net income/ (expenditure)		20,491	(377,679)	(816,467)	-	(1,173,655)	(1,310,675)
Transfers between funds		9,002	-	-	(9,002)	-	-
Other recognised gains and losses							
Actuarial gains on defined benefit pension schemes	20	-	817,000	-	-	817,000	1,072,000
Net movement in funds		29,493	439,321	(816,467)	(9,002)	(356,655)	(238,675)
Reconciliation of funds							
Total funds brought forward		366,371	227,360	27,323,313	662,573	28,579,617	28,818,292
Total funds carried forward	17	395,864	666,681	26,506,846	653,571	28,222,962	28,579,617

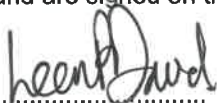
DROYLSDEN ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	12		8,626		-
Tangible assets	13		26,293,093		26,882,432
			<u>26,301,719</u>		<u>26,882,432</u>
Current assets					
Debtors	14	180,208		229,754	
Investments		666,666		666,666	
Cash at bank and in hand		1,583,089		1,776,700	
		<u>2,429,963</u>		<u>2,673,120</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(692,720)		(604,935)	
Net current assets			<u>1,737,243</u>		<u>2,068,185</u>
Net assets excluding pension liability			<u>28,038,962</u>		<u>28,950,617</u>
Defined benefit pension scheme asset/ (liability)	20		184,000		(371,000)
Net assets			<u>28,222,962</u>		<u>28,579,617</u>
Funds of the Academy Trust:					
Restricted funds	17				
- Fixed asset funds			26,506,846		27,323,313
- Restricted income funds			482,681		598,360
- Pension reserve			184,000		(371,000)
- Endowment funds			653,571		662,573
Total restricted funds			<u>27,827,098</u>		<u>28,213,246</u>
Unrestricted income funds	17		395,864		366,371
Total funds			<u>28,222,962</u>		<u>28,579,617</u>

The accounts on pages 21 to 45 were approved by the Trustees and authorised for issue on 09/12/18 and are signed on their behalf by:



Mr L Dowd
Chair of Trustees

Company Number 06731528

DROYLSDEN ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	19		36,262		(507,970)
Cash flows from investing activities					
Dividends, interest and rents from investments		5,881		7,894	
Capital grants from DfE Group		18,596		18,293	
Purchase of intangible fixed assets		(9,209)		-	
Purchase of tangible fixed assets		(245,141)		(209,138)	
Purchase of investments		-		334	
Net cash used in investing activities			<u>(229,873)</u>		<u>(182,617)</u>
Net decrease in cash and cash equivalents in the reporting period			<u>(193,611)</u>		<u>(690,587)</u>
Cash and cash equivalents at beginning of the year			1,776,700		2,467,287
Cash and cash equivalents at end of the year			<u><u>1,583,089</u></u>		<u><u>1,776,700</u></u>

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

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

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.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software - 5 years

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.6 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 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.

1.7 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.

1.8 Leased assets

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

1.9 Investments

Current asset investments are stated at market value.

1.10 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 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.

1.12 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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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.

1.13 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.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.14 Long leasehold

The Academy has agreed 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. The lease documentation has not yet been formally signed but the terms and conditions have been agreed by both parties. 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.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

2 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.

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 asset

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 20, will impact the carrying amount of the pension asset. 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 asset at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 value, 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 2018

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	18,596	18,596	18,293
Other donations	-	1,795	1,795	634
	-	20,391	20,391	18,927

The income from donations and capital grants was £20,391 (2017: £18,927) of which £1,795 was restricted (2017: £634) and £18,596 was restricted fixed assets (2017: £18,293).

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	4,598,864	4,598,864	4,575,305
Other DfE / ESFA grants	-	441,373	441,373	451,511
	-	5,040,237	5,040,237	5,026,816
Other government grants				
Local authority grants	-	14,462	14,462	19,081
Other funds				
Other incoming resources	181,300	19,010	200,310	206,816
Total funding	181,300	5,073,709	5,255,009	5,252,713

The income from funding for educational operations was £5,255,009 (2017: £5,252,713) of which £181,300 was unrestricted (2017: £176,105) and £5,073,709 was restricted (2017: £5,076,608).

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	71,434	-	71,434	75,385
Other income	9,624	-	9,624	3,908
	81,058	-	81,058	79,293

The income from other trading activities was £81,058 (2017: £79,293) of which £81,058 was unrestricted (2017: £79,293).

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	973	-	973	1,364
Other investment income	4,908	-	4,908	6,530
	<u>5,881</u>	<u>-</u>	<u>5,881</u>	<u>7,894</u>

The income from funding for investment income was £5,881 (2017: £7,894) of which £5,881 was unrestricted (2017: £7,894).

7 Expenditure	Staff costs £	Non Pay Expenditure		Total 2018 £	Total 2017 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	33,670	-	18,868	52,538	51,271
Academy's educational operations					
- Direct costs	3,473,502	20,894	461,172	3,955,568	3,958,387
- Allocated support costs	1,006,022	1,311,226	210,640	2,527,888	2,659,844
	<u>4,513,194</u>	<u>1,332,120</u>	<u>690,680</u>	<u>6,535,994</u>	<u>6,669,502</u>

The expenditure on raising funds was £52,538 (2017: £51,271) of which £52,538 was unrestricted (2017: £51,271).

Net income/(expenditure) for the year includes:	2018 £	2017 £
Fees payable to auditor for:		
- Audit	8,175	8,000
- Other services	5,960	6,150
Operating lease rentals	5,984	4,364
Depreciation of tangible fixed assets	835,063	816,606
Loss on disposal of fixed assets	-	79,042
Net interest on defined benefit pension liability	<u>12,000</u>	<u>28,000</u>

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	18,285	3,937,283	3,955,568	3,958,387
Support costs				
Educational operations	176,925	2,350,963	2,527,888	2,659,844
	<u>195,210</u>	<u>6,288,246</u>	<u>6,483,456</u>	<u>6,618,231</u>

The expenditure on educational operations was £6,483,456 (2017: £6,618,231) of which £195,210 was unrestricted (2017: £187,400), £5,453,183 was restricted (2017: £5,535,183) and £835,063 was restricted fixed assets (2017: £895,648).

	2018 £	2017 £
Analysis of support costs		
Support staff costs	1,006,022	970,258
Depreciation	814,169	888,967
Premises costs	464,453	440,663
Other support costs	229,109	345,806
Governance costs	14,135	14,150
	<u>2,527,888</u>	<u>2,659,844</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	3,394,524	3,166,241
Social security costs	290,825	289,004
Pension costs	761,092	665,685
Staff costs	<u>4,446,441</u>	<u>4,120,930</u>
Agency staff costs	66,753	325,289
Staff restructuring costs	-	13,061
Total staff expenditure	<u>4,513,194</u>	<u>4,459,280</u>

Staff restructuring costs comprise:

Redundancy payments	-	<u>13,061</u>
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DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Staff numbers

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

	2018 Number	2017 Number
Teachers	47	46
Administration and support	83	79
Management	9	9
	<u>139</u>	<u>134</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	2
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>3</u>	<u>3</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 employer's pension contributions for these members of staff amounted to £36,071 (2017: £34,829).

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 national insurance and employer pension contributions) received by key management personnel for their services to the Academy Trust was £671,963 (2017: £543,258).

10 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 £90,000 - £95,000 (2017: £85,000 - £90,000)

Employer's pension contributions £15,000 - £20,000 (2017: £10,000 - £15,000)

S Jackson (Staff Trustee)

Remuneration £45,000 - £50,000 (2017: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 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.

12 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2017	-
Additions	9,209
	<hr/>
At 31 August 2018	9,209
	<hr/>
Amortisation	
At 1 September 2017	-
Charge for year	583
	<hr/>
At 31 August 2018	583
	<hr/>
Carrying amount	
At 31 August 2018	8,626
	<hr/> <hr/>
At 31 August 2017	-
	<hr/> <hr/>

13 Tangible fixed assets

	Long leasehold buildings £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 September 2017	30,592,350	556,323	55,905	31,204,578
Additions	123,606	32,607	88,928	245,141
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	30,715,956	588,930	144,833	31,449,719
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2017	4,029,813	268,479	23,854	4,322,146
Charge for the year	733,302	80,867	20,311	834,480
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	4,763,115	349,346	44,165	5,156,626
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2018	25,952,841	239,584	100,668	26,293,093
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2017	26,562,537	287,844	32,051	26,882,432
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Debtors	2018	2017
	£	£
Trade debtors	18,484	46,803
VAT recoverable	34,680	38,915
Prepayments and accrued income	127,044	144,036
	<u>180,208</u>	<u>229,754</u>
	<u><u>180,208</u></u>	<u><u>229,754</u></u>
15 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	500,088	349,725
Other taxation and social security	73,601	74,859
Other creditors	1,196	1,271
Accruals and deferred income	117,835	179,080
	<u>692,720</u>	<u>604,935</u>
	<u><u>692,720</u></u>	<u><u>604,935</u></u>
16 Deferred income	2018	2017
	£	£
Deferred income is included within:		
Creditors due within one year	<u>41,940</u>	<u>-</u>
	<u><u>41,940</u></u>	<u><u>-</u></u>
Deferred income at 1 September 2017	-	-
Resources deferred in the year	41,940	-
	<u>41,940</u>	<u>-</u>
Deferred income at 31 August 2018	<u><u>41,940</u></u>	<u><u>-</u></u>

At the balance sheet date, the academy was holding funds received in advance for rates for 2018/19.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	203,871	4,598,864	(4,710,305)	-	92,430
Other DfE / ESFA grants	322,488	441,373	(445,611)	-	318,250
Other government grants	72,001	14,462	(14,462)	-	72,001
Other restricted funds	-	20,805	(20,805)	-	-
Pension reserve	(371,000)	-	(262,000)	817,000	184,000
	<u>227,360</u>	<u>5,075,504</u>	<u>(5,453,183)</u>	<u>817,000</u>	<u>666,681</u>
Restricted fixed asset funds					
Transfer on conversion	25,880,110	-	(714,870)	-	25,165,240
DfE group capital grants	440,882	18,596	-	(254,349)	205,129
Capital expenditure from GAG	1,002,321	-	(120,193)	254,349	1,136,477
	<u>27,323,313</u>	<u>18,596</u>	<u>(835,063)</u>	<u>-</u>	<u>26,506,846</u>
Restricted endowment fund	<u>662,573</u>	<u>-</u>	<u>-</u>	<u>(9,002)</u>	<u>653,571</u>
Total restricted funds	<u>28,213,246</u>	<u>5,094,100</u>	<u>(6,288,246)</u>	<u>807,998</u>	<u>27,827,098</u>
Unrestricted funds					
General funds	<u>366,371</u>	<u>268,239</u>	<u>(247,748)</u>	<u>9,002</u>	<u>395,864</u>
Total funds	<u>28,579,617</u>	<u>5,362,339</u>	<u>(6,535,994)</u>	<u>817,000</u>	<u>28,222,962</u>

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 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/ESFA 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.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	440,253	4,575,305	(4,815,780)	4,093	203,871
Other DfE / ESFA grants	350,704	451,511	(479,727)	-	322,488
Other government grants	72,001	19,081	(19,081)	-	72,001
Other restricted funds	(750)	31,345	(30,595)	-	-
Pension reserve	(1,253,000)	-	(190,000)	1,072,000	(371,000)
	<u>(390,792)</u>	<u>5,077,242</u>	<u>(5,535,183)</u>	<u>1,076,093</u>	<u>227,360</u>
Restricted fixed asset funds					
Transfer on conversion	26,594,980	-	(714,870)	-	25,880,110
DfE group capital grants	631,727	18,293	-	(209,138)	440,882
Capital expenditure from GAG	973,961	-	(180,778)	209,138	1,002,321
	<u>28,200,668</u>	<u>18,293</u>	<u>(895,648)</u>	<u>-</u>	<u>27,323,313</u>
Restricted endowment fund	<u>666,666</u>	<u>-</u>	<u>-</u>	<u>(4,093)</u>	<u>662,573</u>
Total restricted funds	<u>28,476,542</u>	<u>5,095,535</u>	<u>(6,430,831)</u>	<u>1,072,000</u>	<u>28,213,246</u>
Unrestricted funds					
General funds	<u>341,750</u>	<u>263,292</u>	<u>(238,671)</u>	<u>-</u>	<u>366,371</u>
Total funds	<u>28,818,292</u>	<u>5,358,827</u>	<u>(6,669,502)</u>	<u>1,072,000</u>	<u>28,579,617</u>

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	440,253	9,174,169	(9,526,085)	4,093	92,430
Other DfE / ESFA grants	350,704	892,884	(925,338)	-	318,250
Other government grants	72,001	33,543	(33,543)	-	72,001
Other restricted funds	(750)	52,150	(51,400)	-	-
Pension reserve	(1,253,000)	-	(452,000)	1,889,000	184,000
	<u>(390,792)</u>	<u>10,152,746</u>	<u>(10,988,366)</u>	<u>1,893,093</u>	<u>666,681</u>
Restricted fixed asset funds					
Transfer on conversion	26,594,980	-	(1,429,740)	-	25,165,240
DfE group capital grants	631,727	36,889	-	(463,487)	205,129
Capital expenditure from GAG	973,961	-	(300,971)	463,487	1,136,477
	<u>28,200,668</u>	<u>36,889</u>	<u>(1,730,711)</u>	<u>-</u>	<u>26,506,846</u>
Restricted endowment fund	<u>666,666</u>	<u>-</u>	<u>-</u>	<u>(13,095)</u>	<u>653,571</u>
Total restricted funds	<u>28,476,542</u>	<u>10,189,635</u>	<u>(12,719,077)</u>	<u>1,879,998</u>	<u>27,827,098</u>
Unrestricted funds					
General funds	<u>341,750</u>	<u>531,531</u>	<u>(486,419)</u>	<u>9,002</u>	<u>395,864</u>
Total funds	<u>28,818,292</u>	<u>10,721,166</u>	<u>(13,205,496)</u>	<u>1,889,000</u>	<u>28,222,962</u>

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Endowment Funds £	Total Funds £
Fund balances at 31 August 2018 are represented by:					
Intangible fixed assets	-	-	8,626	-	8,626
Tangible fixed assets	-	-	26,293,093	-	26,293,093
Current assets	395,864	1,175,401	205,127	653,571	2,429,963
Creditors falling due within one year	-	(692,720)	-	-	(692,720)
Defined benefit pension asset	-	184,000	-	-	184,000
Total net assets	395,864	666,681	26,506,846	653,571	28,222,962

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Endowment Funds £	Total Funds £
Fund balances at 31 August 2017 are represented by:					
Tangible fixed assets	-	-	26,882,432	-	26,882,432
Current assets	366,371	1,203,295	440,881	662,573	2,673,120
Creditors falling due within one year	-	(604,935)	-	-	(604,935)
Defined benefit pension liability	-	(371,000)	-	-	(371,000)
Total net assets	366,371	227,360	27,323,313	662,573	28,579,617

19 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(1,173,655)	(1,310,675)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(18,596)	(18,293)
Investment income receivable	(5,881)	(7,894)
Defined benefit pension costs less contributions payable	250,000	162,000
Defined benefit pension net finance cost	12,000	28,000
Depreciation of tangible fixed assets	835,063	816,606
Loss on disposal of fixed assets	-	79,042
Decrease in debtors	49,546	133,658
Increase/(decrease) in creditors	87,785	(390,414)
Net cash provided by/(used in) operating activities	36,262	(507,970)

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension 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 2016 .

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £332,693 (2017: £311,080).

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

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

(Continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust 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 contributions are as noted below. The agreed contribution rates for future years are 15% for employers and 5.5% to 12.5% for employees.

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

Total contributions made	2018 £	2017 £
Employer's contributions	168,000	161,000
Employees' contributions	58,000	56,000
Total contributions	<u>226,000</u>	<u>217,000</u>

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.1	3.2
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	<u>2.8</u>	<u>2.5</u>

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

	2018 Years	2017 Years
Retiring today		
- Males	21.5	21.5
- Females	24.1	24.1
Retiring in 20 years		
- Males	23.7	23.7
- Females	<u>26.2</u>	<u>26.2</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.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations	(Continued)	
The Academy Trust's share of the assets in the scheme	2018	2017
	Fair value	Fair value
	£	£
Equities	4,218,720	4,183,630
Bonds	992,640	916,960
Cash	558,360	286,550
Property	434,280	343,860
Total market value of assets	<u>6,204,000</u>	<u>5,731,000</u>
<p>The actual return on scheme assets was £317,000 (2017: £502,000).</p>		
Amount recognised in the Statement of Financial Activities	2018	2017
	£	£
Current service cost	396,000	323,000
Past service cost	22,000	-
Interest income	(145,000)	(108,000)
Interest cost	157,000	136,000
Total operating charge	<u>430,000</u>	<u>351,000</u>
Changes in the present value of defined benefit obligations	2018	2017
	£	£
At 1 September 2017	6,102,000	6,314,000
Current service cost	396,000	323,000
Interest cost	157,000	136,000
Employee contributions	58,000	56,000
Actuarial gain	(645,000)	(678,000)
Benefits paid	(70,000)	(49,000)
Past service cost	22,000	-
At 31 August 2018	<u>6,020,000</u>	<u>6,102,000</u>

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations (Continued)

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

	2018 £	2017 £
At 1 September 2017	5,731,000	5,061,000
Interest income	145,000	108,000
Actuarial gain	172,000	394,000
Employer contributions	168,000	161,000
Employee contributions	58,000	56,000
Benefits paid	(70,000)	(49,000)
	<u>6,204,000</u>	<u>5,731,000</u>

21 Commitments under operating leases

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

	2018 £	2017 £
Amounts due within one year	33,625	5,613
Amounts due in two and five years	68,645	14,626
Amounts due after five years	941	-
	<u>103,211</u>	<u>20,239</u>

22 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 £5,881 (2017: £7,894). 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 £5,218 (2017: £15,400) relating to alternative provision and the provision of HR services.

DROYLSDEN ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 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 £10 for the debts and liabilities contracted before he or she ceases to be a member.

