

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement of Trustees' responsibilities	13
Statement on regularity, propriety and compliance	14
Independent auditors' report on the financial statements	15 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23 - 41

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Ms Patricia Eldrid Mr Jonathan Eva Sir Pritpal Singh Ms Christine Fortune (resigned 20 September 2016) Dr Lee Richards (resigned 5 September 2016)
Trustees	Ms Helena Auala, Parent Governor Mr Steven Brambley, Parent Governor Mrs Sian Dowden, Staff Governor Ms Patricia Eldrid, Governor Mr Jonathan Eva, Chair Ms Christine Fortune, Associate Governor (appointed 26 September 2016) Dr Waljit Dhillon, Vice Chair Mrs Annette Gormally, Staff Governor Mr Nick Haymonds, Staff Governor (appointed 29 September 2017) Mr Trevor Inns (appointed 29 September 2017) Mrs Stella Macaskill, Governor Mrs Sahra Osman, Parent Governor Mr Russell Pearson (appointed 29 September 2016) Sir Pritpal Singh, Head Teacher Mrs Catherine Williamson, Governor Ms Julie Hadwin, Parent Governor (resigned 28 September 2017) Dr Lee Richards, Vice Chair (resigned 5 September 2016) Mr Eamonn Whelan, Staff Governor (resigned 23 November 2016)
Company registered number	07698859
Company name	Drayton Manor High School Academy Trust
Principal and registered office	1 Ashley Road Altringham Cheshire WA14 2DT
Company secretary	Oakwood Corporate Services Ltd & Sandra Scott
Senior management team	Sir Pritpal Singh, Head Teacher Mrs Sian Dowden, Senior Deputy Head Mr Chris Killen, Deputy Head Ms Karlene Dampha, Assistant Deputy Head Mr Wayne Walsh, Assistant Deputy Head Mr Shilain Keshani, Senior Teacher Ms Debra Yates, Senior Teacher Ms Emma Wyatt, Senior Teacher Mr Chris Holbrook, Assistant Deputy Head (resigned 31 August 2017)

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Independent auditors Landau Baker Limited
Chartered Accountants
Mountcliff House
154 Brent Street
London
NW4 2DR

Bankers Lloyds TSB plc
25 Gresham Street
London
EC2V 7HN

Solicitors Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association (dated 8 July 2011) are the primary governing documents of the academy trust.

The Trustees of Drayton Manor High School Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Drayton Manor High School.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

The principal activity of the academy is to advance, for the public benefit, education in particular and without prejudice to the generality of the forgoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b. 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.

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

The members may appoint up to 15 Governors.

The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

The LA may appoint the LA Governor

The Principal shall be treated for all purposes as being an ex officio Governor.

Subject to Article 57, the Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he/she is elected.

The Governing Body shall make all necessary arrangements for and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Academy. Any election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Governors which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, vote at the election and given an opportunity to do so.

The number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

In appointing a Parent Governor the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Governors may appoint up to 3 co-opted Governors. A "Co-opted Governor" means a person who is appointed to be a Governor by being Co-opted by Governors who have themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if thereby the number of Governors who are employees of the Academy Trust would exceed one third of the total number of Governors (including the Principal).

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

During the period under review, the governors held 5 full governing body meetings. In addition there were regular meetings covering business, audit and finance, premises and curriculum and personnel. The training and induction provided for new governors will depend on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

e. ORGANISATIONAL STRUCTURE

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Head is directly responsible for the day to day running of the academy and is assisted by a senior leadership team.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The Head assumes the accounting officer role.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

f. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The pay and remuneration of key management personnel is approved by the Pay Committee, subject to meeting agreed performance targets. The recommendations of the pay committee are ratified by the full Governing Body.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The academy is the founding member of the Drayton Manor High School Academy Trust which is a separate Trust where Drayton Manor Academy is the only member. The Trust undertakes educational support activities.

h. TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the academy is the operation of Drayton Manor High School to provide a broad and balanced education for pupils of all abilities. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy. In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The Scheme of Government specifies, amongst other things, that the Academy will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the Academy, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

- The Academy's main strategy is encompassed in the Academy's objectives and activities which are
- o To promote the maximum possible development of individual students' talents and potential within a tolerant and caring community
 - o To help students to develop a lively, enquiring mind and the ability to question, to argue rationally and to apply themselves to tasks and physical skills
 - o To help students to acquire in all areas of the curriculum the knowledge, understanding and skills relevant to adult life, employment and leisure in a fast changing world
 - o To help students to use language and number effectively
 - o To promote equal opportunities for all to counter racism, sexism and all other forms of discrimination whenever they occur
 - o To encourage respect for religious and moral values and tolerance of other races, religions and ways of life
 - o To help students to understand the world in which they live and the interdependence of individuals, groups and nations, including awareness of economic and environmental issues
 - o To help students appreciate human achievement and aspirations in all form of human endeavour.
 - o To help students in the development of their personal and social skills.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As an academy we make the best use of our skills, expertise and experience with regards to the community by providing facilities for community use and raising money for charity.

a. KEY PERFORMANCE INDICATORS

Drayton Manor High school opened as an academy in August 2011 and was judged outstanding in its latest Ofsted Inspection in May 2012. In 2016, The DfE awarded the school a financial efficiency grading of 1, which is the highest efficiency rating available.

A Level Examination Results 2017

31% of all entries were graded at A* - A and 86% were graded at A* - C. The average point score per student was 114 and per subject was 38

GCSE Examination Results 2017

48% of all students achieved the EBacc. The EBacc recognises where students have secured a grade 5 or above in English and Maths and a grade C or above in the following subject areas: sciences, a language and either history or geography. 75% of students achieved a grade 4 or above in English and Maths.

b. GOING CONCERN

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

Financial review

a. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the period, EFA/LA grants received totalled £9,563,606 (2016: £9,797,965). Other income included within restricted funds totalled £58,067 (2016: £49,158). Restricted fund expenditure totalled to £9,605,225 (2016: £9,615,808).

The main source of unrestricted income is donations, totalling to £18,928 (2016: £6,057).

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a healthy balance sheet and cash flow and in line with its Reserves policy may allocate reserves in excess of between 3% - 5% to capital projects approved by the governing body.

The Governors through the Business, Audit and Finance Committee and Head Teacher receive financial progress reports throughout the year and compare against budgets submitted to the Education Funding Agency. The Finance Committee also review longer term financial models to plan and organise resources most effectively to fulfil the aims of the Academy.

b. RESERVES POLICY

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review annually in keeping with the principal object of the Academy.

Total reserves at the end of the period amounted to £28,673,075 (2016: £28,806,311). This balance includes unrestricted funds (free reserves) of £866,252 (2016: £734,256), which is considered appropriate for the Academy Trust, and restricted funds of £27,806,823 (2016: £28,072,055).

Restricted funds have been designated by the Governing Body as follows:

- To contribute to projects, including future capital projects

Within the reserves policy users should note that, because of accounting for the local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totalling to £2,588,000 (2016: £2,628,000). This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

c. INVESTMENT POLICY

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined by the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. The school will not invest in the Stock Market or speculative investments without the approval of the full governing body.

d. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with health and safety of staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit of £2,588,000 at 31 August 2017.

a. FUTURE DEVELOPMENTS

The Academy will continue to pursue its objectives and activities.

FUNDS HELD AS CUSTODIAN

The Academy Trust and/or its trustees did not act as custodian trustee during the current or previous period.

Strategic report

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 7 December 2017 and signed on its behalf by:



Mr Jonathan Eva
Chair of Trustees

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Drayton Manor High School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms Helena Auala, Parent Governor	4	5
Mr Steven Brambley, Parent Governor	4	5
Mrs Sian Dowden, Staff Governor	5	5
Ms Patricia Eldrid, Governor	4	5
Mr Jonathan Eva, Chair	4	5
Dr Waljit Dhillon, Vice Chair	3	5
Mrs Annette Gormally, Staff Governor	5	5
Mr Trevor Inns	1	1
Mrs Stella Macaskill, Governor	4	5
Mrs Sahra Osman, Parent Governor	4	5
Mr Russell Pearson	2	5
Sir Pritpal Singh, Head Teacher	4	5
Mrs Catherine Williamson, Governor	2	5

Governors typically also serve on a number of other sub committees, as set out on the school website.

The impact of each Governing Body Committee is reviewed and monitored through the Strategic Plans and Risk Assessments that each committee produces annually and reviews regularly.

No key findings were noted during the period.

The Business and Finance committee is a sub-committee of the main board of trustees. Its purpose is to make sure that the Academy is following the EFA's financial regulations. No significant issues to note were dealt with during the year .

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	
Sir Pritpal Singh	3	3
Mr Jonathan Eva	3	3
Mrs Annette Gormally	3	3

The audit committee is incorporated within the Business and Finance committee and is also a sub-committee of the main board of trustees. Its purpose is to:

- monitor the integrity of the financial statements
- review internal financial controls and risk management systems;
- make recommendations to the Governing Body in relation to the appointment, re-appointment and

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- removal of the external auditor and approve the remuneration and terms of engagements of the auditor;
• reviewing the auditor's independence and objectivity.

No significant issues to note were dealt with during the year.

Attendance at meetings in the year matched that of the Business and Finance committee above.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- recruitment of qualified high-quality teachers and efficient and effective use of resources and facilities.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Drayton Manor High School Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The academy'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 Business and Finance 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.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of bank reconciliation control accounts

On a bi-annual basis, the RO reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the board of trustees on 7 December 2017 and signed on their behalf, by:



Mr Jonathan Eva,
Chair of Trustees



Sir Pritpal Singh, Head Teacher
Accounting Officer

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of Drayton Manor High School Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 7 December 2017 and signed on its behalf by:



Mr Jonathan Eva
Chair of Trustees

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Drayton Manor High School Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.



Sir Pritpal Singh
Accounting Officer

Date: 7 December 2017

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST**

OPINION

We have audited the financial statements of Drayton Manor High School Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Drayton Manor High School Academy Trust'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 Drayton Manor High School Academy Trust'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 Drayton Manor High School Academy Trust's members for our audit work, for this report, or for the opinions we have formed.

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF 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 financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

The company has not disclosed:

- a. the number of employees whose emoluments fell within bands over £60,000.
- b. the remuneration of staff governors and their respective employer's pension contributions, who were trustees during the period, in bands of £5,000.

OTHER INFORMATION

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

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
7 December 2017

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DRAYTON
MANOR HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 31 October 2011 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Drayton Manor High School Academy Trust during the year 1 September 2016 to 31 August 2017 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 Drayton Manor High School Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Drayton Manor High School Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Drayton Manor High School Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Drayton Manor High School Academy Trust's funding agreement with the Secretary of State for Education dated 01 August 2011, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and verification of evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Review of the Academy Trust's internal control procedures, specifically in respect to regularity, propriety and compliance.
- Focussed testing, driven by our audit of the financial statements, principally checking that:

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DRAYTON
MANOR HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**
(continued)

- o Grant income received has been expensed on prescribed expenditure; and
 - o Expenditure has been appropriately authorised in accordance with the procedures outlined in the Academy Trust's financial procedures manual.
- Discussions and written representations from the Accounting Officer and other key management personnel (where applicable).

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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

7 December 2017

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	18,928	-	175,813	194,741	1,862,570
Charitable activities	4	-	9,563,606	-	9,563,606	9,797,965
Other trading activities	3	113,068	58,067	-	171,135	150,784
TOTAL INCOME		131,996	9,621,673	175,813	9,929,482	11,811,319
EXPENDITURE ON:						
Charitable activities		-	9,605,225	565,493	10,170,718	10,161,207
TOTAL EXPENDITURE	7	-	9,605,225	565,493	10,170,718	10,161,207
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	-	16,448 (65,542)	(389,680) 65,542	(241,236) -	1,650,112 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		131,996	(49,094)	(324,138)	(241,236)	1,650,112
Actuarial gains/(losses) on defined benefit pension schemes	20	-	108,000	-	108,000	(902,000)
NET MOVEMENT IN FUNDS		131,996	58,906	(324,138)	(133,236)	748,112
RECONCILIATION OF FUNDS:						
Total funds brought forward		734,256	(1,255,673)	29,327,728	28,806,311	28,058,199
TOTAL FUNDS CARRIED FORWARD		866,252	(1,196,767)	29,003,590	28,673,075	28,806,311

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07698859

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		29,003,590		29,327,728
CURRENT ASSETS					
Debtors	14	1,026,761		1,653,815	
Cash at bank and in hand		1,663,859		1,048,936	
		<u>2,690,620</u>		<u>2,702,751</u>	
CREDITORS: amounts falling due within one year	15	<u>(433,135)</u>		<u>(596,168)</u>	
NET CURRENT ASSETS			<u>2,257,485</u>		<u>2,106,583</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,261,075</u>		<u>31,434,311</u>
Defined benefit pension scheme liability	20		<u>(2,588,000)</u>		<u>(2,628,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>28,673,075</u></u>		<u><u>28,806,311</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	1,391,233		1,372,327	
Restricted fixed asset funds	16	29,003,590		29,327,728	
Restricted income funds excluding pension liability		<u>30,394,823</u>		<u>30,700,055</u>	
Pension reserve		<u>(2,588,000)</u>		<u>(2,628,000)</u>	
Total restricted income funds			<u>27,806,823</u>		<u>28,072,055</u>
Unrestricted income funds	16		<u>866,252</u>		<u>734,256</u>
TOTAL FUNDS			<u><u>28,673,075</u></u>		<u><u>28,806,311</u></u>

The financial statements on pages 20 to 41 were approved by the Trustees, and authorised for issue, on 7 December 2017 and are signed on their behalf, by:


Mr Jonathan Eva
Chair of Trustees

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	18	856,280	1,983,670
Cash flows from investing activities:			
Purchase of tangible fixed assets		(241,357)	(3,637,986)
Net cash used in investing activities		(241,357)	(3,637,986)
Change in cash and cash equivalents in the year		614,923	(1,654,316)
Cash and cash equivalents brought forward		1,048,936	2,703,252
Cash and cash equivalents carried forward		1,663,859	1,048,936

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Drayton Manor High School Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 Years
Fixtures and fittings	-	10 Years
Computer equipment	-	4 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 incorporating income and expenditure account.

1.7 Taxation

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

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	18,928	-	-	18,928	6,057
Capital Grants	-	-	175,813	175,813	1,856,513
	<u>18,928</u>	<u>-</u>	<u>175,813</u>	<u>194,741</u>	<u>1,862,570</u>
<i>Total 2016</i>	<u>6,057</u>	<u>-</u>	<u>1,856,513</u>	<u>1,862,570</u>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Exam Fee Income	-	7,387	7,387	14,452
Trips Income	-	50,680	50,680	34,706
Lettings Income	73,661	-	73,661	60,792
Bank Interest	1,181	-	1,181	2,998
Rent of Caretakers House	3,650	-	3,650	3,650
Other Income	32,536	-	32,536	33,080
Swimming fee Income	2,040	-	2,040	1,106
	<u>113,068</u>	<u>58,067</u>	<u>171,135</u>	<u>150,784</u>
<i>Total 2016</i>	<u>101,626</u>	<u>49,158</u>	<u>150,784</u>	

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Drayton Manor High School Academy Trust

	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	8,897,827	8,897,827	9,137,549
Pupil Premium	468,762	468,762	493,428
Bursary Fund	31,621	31,621	32,949
Other ESFA Grants	34,529	34,529	36,306
	<u>9,432,739</u>	<u>9,432,739</u>	<u>9,700,232</u>
Other government grants			
SEN Funding	61,825	61,825	52,390
Other Government Grant	69,042	69,042	45,343
	<u>130,867</u>	<u>130,867</u>	<u>97,733</u>
Total 2017	<u>9,563,606</u>	<u>9,563,606</u>	<u>9,797,965</u>
<i>Total 2016</i>	<u>9,797,965</u>	<u>9,797,965</u>	

5. DIRECT COSTS

	Educational Operations	Total 2017	<i>Total 2016</i>
Educational Supplies	380,138	380,138	360,551
Educational Consultancy	30,969	30,969	23,508
Agency Supply	627,173	627,173	592,952
Exam Fees	158,061	158,061	149,005
Other Direct Costs	44,425	44,425	75,984
Staff Development	38,779	38,779	41,949
Wages and salaries	4,513,287	4,513,287	4,616,379
National insurance	462,635	462,635	464,433
Pension cost	652,362	652,362	671,258
Depreciation	565,493	565,493	545,399
	<u>7,473,322</u>	<u>7,473,322</u>	<u>7,541,418</u>
<i>At 31 August 2016</i>	<u>7,541,418</u>	<u>7,541,418</u>	

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. SUPPORT COSTS

	Educational Operations	Total 2017	<i>Total 2016</i>
Pension finance expenses - LGPS	51,000	51,000	63,000
Maintenance of Premises & Equipment	254,010	254,010	293,371
Educational Supplies	1,071	1,071	860
Water & Rates	55,864	55,864	36,195
Agency Supply	68,414	68,414	70,790
Insurance	52,204	52,204	139,597
Catering Expenses	82,202	82,202	101,976
Recruitment	58,307	58,307	89,609
Other Support Costs	88,847	88,847	103,444
Security & Maintenance	64,808	64,808	52,535
Other Admin Supply	822	822	2,164
Cleaning	43,952	43,952	34,306
School Trips	58,332	58,332	45,868
Professional Fees	12,431	12,431	-
Governance Costs	50,688	50,688	51,824
Wages and salaries	1,357,308	1,357,308	1,314,799
National insurance	90,511	90,511	69,830
Pension cost	306,625	306,625	149,621
	<u>2,697,396</u>	<u>2,697,396</u>	<u>2,619,789</u>
<i>At 31 August 2016</i>	<u>2,619,789</u>	<u>2,619,789</u>	

7. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	<i>Total 2016 £</i>
Educational Operations:					
Direct costs	6,255,457	-	1,217,865	7,473,322	7,541,418
Support costs	1,822,858	254,010	620,528	2,697,396	2,619,789
	<u>8,078,315</u>	<u>254,010</u>	<u>1,838,393</u>	<u>10,170,718</u>	<u>10,161,207</u>
<i>Total 2016</i>	<u>7,879,272</u>	<u>293,371</u>	<u>1,988,564</u>	<u>10,161,207</u>	

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	<i>Total 2016 £</i>
Educational Operations	7,473,322	2,697,396	10,170,718	<i>10,161,207</i>
<i>Total 2016</i>	<u><u>7,541,418</u></u>	<u><u>2,619,789</u></u>	<u><u>10,161,207</u></u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	<i>2016 £</i>
Depreciation of tangible fixed assets: - owned by the charity	565,495	<i>545,399</i>
Audit fees	4,000	<i>4,000</i>
Operating lease	10,660	<i>18,543</i>
	<u><u>580,155</u></u>	<u><u>567,942</u></u>

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,870,595	5,931,178
Social security costs	553,146	534,263
Operating costs of defined benefit pension schemes	958,987	820,879
	<u>7,382,728</u>	<u>7,286,320</u>
Supply teacher costs	627,173	592,952
Agency support staff	68,414	-
	<u>8,078,315</u>	<u>7,879,272</u>

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

	2017 No.	2016 No.
Management	12	12
Teachers	92	96
Support Staff	47	43
	<u>151</u>	<u>151</u>

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,482 (2016 - £1,314).

12. OTHER PENSION CHARGES

	2017 £	2016 £
Interest income on pension scheme assets	25,000	32,000
Interest on pension scheme liabilities	(76,000)	(95,000)
	<u>(51,000)</u>	<u>(63,000)</u>

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2016	31,002,601	30,912	272,243	31,305,756
Additions	127,604	1,346	112,407	241,357
At 31 August 2017	<u>31,130,205</u>	<u>32,258</u>	<u>384,650</u>	<u>31,547,113</u>
Depreciation				
At 1 September 2016	1,800,434	10,644	166,950	1,978,028
Charge for the year	473,130	3,516	88,849	565,495
At 31 August 2017	<u>2,273,564</u>	<u>14,160</u>	<u>255,799</u>	<u>2,543,523</u>
Net book value				
At 31 August 2017	<u>28,856,641</u>	<u>18,098</u>	<u>128,851</u>	<u>29,003,590</u>
At 31 August 2016	<u>29,202,167</u>	<u>20,268</u>	<u>105,293</u>	<u>29,327,728</u>

14. DEBTORS

	2017 £	2016 £
Trade debtors	12,837	24,834
Other debtors	856,905	1,428,637
Prepayments and accrued income	157,019	200,344
	<u>1,026,761</u>	<u>1,653,815</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	77,699	172,267
Other taxation and social security	162,809	272,214
Other creditors	114,298	-
Accruals and deferred income	78,329	151,687
	<u>433,135</u>	<u>596,168</u>

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. CREDITORS: Amounts falling due within one year (continued)

	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	88,127	83,514
Resources deferred during the year	55,006	88,127
Amounts released from previous years	(88,127)	(83,514)
Deferred income at 31 August 2017	55,006	88,127

At the balance sheet date the academy was holding funds received in advance with regards to the ESFA bursary grant totalling to £38,063 (2016: £24,689) and trip and other income totalling to £16,943 (2016: £63,438).

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Other Donations	734,256	131,996	-	-	-	866,252
Restricted funds						
Restricted Funds - all funds	1,372,327	9,621,673	(9,537,225)	(65,542)	-	1,391,233
Pension reserve	(2,628,000)	-	(68,000)	-	108,000	(2,588,000)
	<u>(1,255,673)</u>	<u>9,621,673</u>	<u>(9,605,225)</u>	<u>(65,542)</u>	<u>108,000</u>	<u>(1,196,767)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	29,327,728	175,813	(565,493)	65,542	-	29,003,590
Total restricted funds	<u>28,072,055</u>	<u>9,797,486</u>	<u>(10,170,718)</u>	<u>-</u>	<u>108,000</u>	<u>27,806,823</u>
Total of funds	<u><u>28,806,311</u></u>	<u><u>9,929,482</u></u>	<u><u>(10,170,718)</u></u>	<u><u>-</u></u>	<u><u>108,000</u></u>	<u><u>28,673,075</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Other Donations	626,573	107,683	-	-	-	734,256
	<u>626,573</u>	<u>107,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,256</u>
Restricted funds						
Restricted Funds - all funds	2,562,302	9,752,123	(9,460,808)	(1,481,290)	-	1,372,327
Pension reserve	(1,666,000)	95,000	(155,000)	-	(902,000)	(2,628,000)
	<u>896,302</u>	<u>9,847,123</u>	<u>(9,615,808)</u>	<u>(1,481,290)</u>	<u>(902,000)</u>	<u>(1,255,673)</u>

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	26,535,324	1,856,513	(545,399)	1,481,290	-	29,327,728
	<u>26,535,324</u>	<u>1,856,513</u>	<u>(545,399)</u>	<u>1,481,290</u>	<u>-</u>	<u>29,327,728</u>
Total restricted funds	<u>27,431,626</u>	<u>11,703,636</u>	<u>(10,161,207)</u>	<u>-</u>	<u>(902,000)</u>	<u>28,072,055</u>
Total of funds	<u>28,058,199</u>	<u>11,811,319</u>	<u>(10,161,207)</u>	<u>-</u>	<u>(902,000)</u>	<u>28,806,311</u>

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes.

Restricted general funds are resources for educational purposes.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	29,003,590	29,003,590
Current assets	866,252	1,824,368	-	2,690,620
Creditors due within one year	-	(433,135)	-	(433,135)
Provisions for liabilities and charges	-	(2,588,000)	-	(2,588,000)
	<u>866,252</u>	<u>(1,196,767)</u>	<u>29,003,590</u>	<u>28,673,075</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	29,327,728	29,327,728
Current assets	734,256	1,968,495	-	2,702,751
Creditors due within one year	-	(596,168)	-	(596,168)
Provisions for liabilities and charges	-	(2,628,000)	-	(2,628,000)
	<u>734,256</u>	<u>(1,255,673)</u>	<u>29,327,728</u>	<u>28,806,311</u>

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(241,236)	1,650,112
Adjustment for:		
Depreciation charges	565,495	545,399
Decrease/(increase) in debtors	627,054	(390,807)
(Decrease)/increase in creditors	(163,033)	118,966
FRS102 pension adjustments	68,000	60,000
Net cash provided by operating activities	856,280	1,983,670

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,663,859	1,048,936
Total	1,663,859	1,048,936

20. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Ealing. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 TPS in the period amounted to £652,362 (2016 - £671,258).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £362,000 (2016 - £245,000), of which employer's contributions totalled £304,000 (2016 - £194,000) and employees' contributions totalled £58,000 (2016 - £51,000). The agreed contribution rates for future years are 19.6% for employers and 5.5 - 7.5% 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.

London Borough of Ealing Pension Fund

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.45 %	3.55 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.80 %

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

20. PENSION COMMITMENTS (continued)

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

	2017	2016
Retiring today		
Males	25.3	23.0
Females	25.3	25.6
Retiring in 20 years		
Males	23.0	25.3
Females	23.1	28.0

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	781,000	686,000
Other bonds	252,000	244,000
Corporate bonds	-	-
Cash	-	4,000
Property	114,000	96,000
Cash and other liquid assets	74,000	4,000
Total market value of assets	1,221,000	1,034,000

The actual return on scheme assets was £127,000 (2016 - £39,000).

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

	2017 £	2016 £
Current service cost	(315,000)	(191,000)
Interest income	25,000	32,000
Interest cost	(76,000)	(95,000)
Total	(366,000)	(254,000)
Actual return on scheme assets	127,000	39,000

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

20. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	3,658,000	2,343,000
Current service cost	315,000	191,000
Interest cost	76,000	95,000
Employee contributions	58,000	51,000
Actuarial (gains)/losses	(277,000)	1,004,000
Effect of non-routine settlements	(21,000)	(26,000)
	<u>3,809,000</u>	<u>3,658,000</u>
Closing defined benefit obligation	<u>3,809,000</u>	<u>3,658,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,030,000	677,000
Return on plan assets	-	32,000
Interest income	25,000	-
Administration expenses	(169,000)	102,000
Employer contributions	304,000	194,000
Employee contributions	58,000	51,000
Benefits paid	(21,000)	-
Admin expenses	(6,000)	-
	<u>1,221,000</u>	<u>1,030,000</u>
Closing fair value of scheme assets	<u>1,221,000</u>	<u>1,030,000</u>

21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	10,660	18,455
Between 1 and 5 years	10,660	-
	<u>21,320</u>	<u>18,455</u>
Total	<u>21,320</u>	<u>18,455</u>

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy'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 academy's financial regulations and normal procurement procedures.

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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

24. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017, the trust received £31,621 and disbursed £18,247 from the fund. The bursary grant received, after the deduction of relevant administration expenses, has been deferred at the year end. An amount of £38,063 is included within other creditors relating to undistributed funds that are repayable to the ESFA.

