

Registered number: 07698859

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

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

LANDAU BAKER LIMITED

Chartered Accountants & Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Sir Pritpal Singh Ms Christine Fortune Dr Lee Richards
Trustees	Sir Pritpal Singh, Head Teacher Ms Patricia Eldrid, Governor Ms Christine Fortune, Chair (resigned 30 September 2016) Mr Jonathan Eva, Governor Dr Lee Richards, Vice Chair (resigned 5 September 2016) Ms Julie Hadwin, Parent Governor (resigned 28 September 2016) Mrs Helen Vogt, Parent Governor (resigned 14 March 2016) Mr Eamonn Whelan, Staff Governor (resigned 23 November 2016) Mrs Annette Gormally, Staff Governor Mr Ian McDermott, Staff Governor (resigned 1 October 2015) Dr Waljit Dhillon, Parent Governor Mrs Sahra Osman, Parent Governor Mrs Catherine Williamson, Governor Mrs Stella Macaskill, Governor (appointed 15 March 2016) Ms Helen Auala, Parent Governor (appointed 15 March 2016) Mr Steven Brambley, Parent Governor (appointed 15 March 2016) Mrs Sian Dowden, Staff Governor (appointed 15 March 2016) Mrs Shilain Keshani, Staff Governor (appointed 2 November 2015, resigned 31 August 2016) Mr Russell Pearson (appointed 29 September 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, Deputy Head Teacher Mr Chris Holbrook, Assistant Deputy Head Teacher Mr Chris Killen, Assistant Deputy Head Teacher Mr Shilain Keshani, Senior Teacher Mr Wayne Walsh, Senior Teacher Ms Karlene Dampha, Senior Teacher Ms Debra Yates, Senior Teacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

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 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

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 foregoing 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 14 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 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 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).

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 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.

f. 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.

g. 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 in the development of their personal and social skills.

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 FINANCIAL 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 2016

23% of all entries were graded at A* - A and 79% were graded at A* - C. The average point score per student was 786 and per subject was 215.

GCSE Examination Results 2016

69% of all students achieved five or more A* - C grades and 64% gained five or more A* - C grades, including English and Maths. 47% achieved the English Baccalaureate measure. The E Bacc recognises where students have secured a C grade or better across a core of academic subjects. These are English, Mathematics, two Sciences, History or Geography and a Language.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

a. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

During the period, EFA/LA grants received totalled £9,797,965 (2015: £10,227,030). Other income included within restricted funds totalled £49,158 (2015: £83,207). Restricted fund expenditure totalled to £9,615,808 (2015: £9,710,713).

The main source of unrestricted income is donations, totaling to £6,057 (2015: £21,056).

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 2016 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 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 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 £28,806,311 (2015: £28,058,199). This balance includes unrestricted funds (free reserves) of £734,256 (2015: £626,573), which is considered appropriate for the Academy Trust, and restricted funds of £28,072,055 (2015: £27,431,626).

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 £2,628,000 (2015: £1,666,000). 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.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 £2,628,000 at 31 August 2016.

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.

b. PAY POLICY FOR 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.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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This report was approved by order of the board of trustees as the company directors, on 16 December 2016 and signed on its behalf by:



Mr Jonathan Eva
Chair of Trustees

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
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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
Sir Pritpal Singh, Head Teacher	5	5
Ms Patricia Eldrid, Governor	5	5
Ms Christine Fortune, Chair	4	5
Mr Jonathan Eva, Governor	4	5
Dr Lee Richards, Vice Chair	5	5
Ms Julie Hadwin, Parent Governor	0	1
Mrs Helen Vogt, Parent Governor	2	2
Mr Eamonn Whelan, Staff Governor	0	1
Mrs Annette Gormally, Staff Governor	5	5
Mr Ian McDermott, Staff Governor	0	1
Dr Waljit Dhillon, Parent Governor	4	5
Mrs Sahra Osman, Parent Governor	2	5
Mrs Catherine Williamson, Governor	4	5
Mrs Stella Macaskill, Governor	2	3
Ms Helen Auala, Parent Governor	2	3
Mr Steven Brambley, Parent Governor	3	3
Mrs Sian Dowden, Staff Governor	3	3
Mrs Shilain Keshani, Staff Governor	4	4

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 .

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

Attendance at meetings in the year was as follows:

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GOVERNANCE STATEMENT (continued)

Trustee	Meetings attended	
Sir Pritpal Singh	4	4
Mr Jonathan Eva	4	4
Dr Lee Richards	4	4
Mrs Annette Gormally	4	4

The audit committee is incorporated within the Business and Finance committee 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 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 2015 to 31 August 2016 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 2015 to 31 August 2016 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

DRAYTON MANOR HIGH SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed Landau Baker, the external auditor, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a bi-annual basis, Landau Baker the auditor reports to the Board of trustees, through the Business and Finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Board can confirm that the reviewer has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

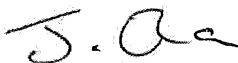
REVIEW OF EFFECTIVENESS

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 16 December 2016 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
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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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Sir Pritpal Singh
Accounting Officer

Date: 16 December 2016

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

We have audited the financial statements of Drayton Manor High School Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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" and the Academies Accounts Direction 2015 to 2016 issued by the Education 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 Auditors' 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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**

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.

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

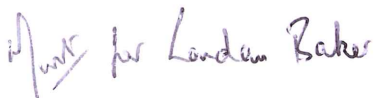
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



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
16 December 2016

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 FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 31 October 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Drayton Manor High School Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Drayton Manor High School Academy Trust and the EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Drayton Manor High School Academy Trust and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 16 December 2016

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 2016**

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	<i>Total funds 2015 (as restated)</i>
	Note	2016 £	2016 £	2016 £	2016 £	£
INCOME FROM:						
Donations and capital grants	2	6,057	-	1,856,513	1,862,570	953,067
Charitable activities	4	-	9,797,965	-	9,797,965	10,227,030
Other trading activities	3	101,626	49,158	-	150,784	217,979
TOTAL INCOME		<u>107,683</u>	<u>9,847,123</u>	<u>1,856,513</u>	<u>11,811,319</u>	<u>11,398,076</u>
EXPENDITURE ON:						
Charitable activities		-	9,615,808	545,399	10,161,207	10,173,204
TOTAL EXPENDITURE	7	<u>-</u>	<u>9,615,808</u>	<u>545,399</u>	<u>10,161,207</u>	<u>10,173,204</u>
NET INCOME BEFORE MATERIAL COSTS		<u>107,683</u>	<u>231,315</u>	<u>1,311,114</u>	<u>1,650,112</u>	<u>1,224,872</u>
Transfers between Funds	15	-	(1,481,290)	1,481,290	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>107,683</u>	<u>(1,249,975)</u>	<u>2,792,404</u>	<u>1,650,112</u>	<u>1,224,872</u>
Actuarial losses on defined benefit pension schemes	19	-	(902,000)	-	(902,000)	(53,000)
NET MOVEMENT IN FUNDS		<u>107,683</u>	<u>(2,151,975)</u>	<u>2,792,404</u>	<u>748,112</u>	<u>1,171,872</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		626,573	896,302	26,535,324	28,058,199	26,886,327
TOTAL FUNDS CARRIED FORWARD		<u><u>734,256</u></u>	<u><u>(1,255,673)</u></u>	<u><u>29,327,728</u></u>	<u><u>28,806,311</u></u>	<u><u>28,058,199</u></u>

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 (as restated) £
FIXED ASSETS					
Tangible assets	12		29,327,728		26,235,141
CURRENT ASSETS					
Debtors	13	1,653,815		1,263,008	
Cash at bank and in hand		1,048,936		2,703,252	
		<u>2,702,751</u>		<u>3,966,260</u>	
CREDITORS: amounts falling due within one year	14	(596,168)		(477,202)	
NET CURRENT ASSETS			<u>2,106,583</u>		<u>3,489,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,434,311</u>		<u>29,724,199</u>
Defined benefit pension scheme liability	19		(2,628,000)		(1,666,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>28,806,311</u></u>		<u><u>28,058,199</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	1,372,327		2,562,302	
Restricted fixed asset funds	15	29,327,728		26,535,324	
Restricted income funds excluding pension liability		<u>30,700,055</u>		<u>29,097,626</u>	
Pension reserve		(2,628,000)		(1,666,000)	
Total restricted income funds			<u>28,072,055</u>		<u>27,431,626</u>
Unrestricted income funds	15		<u>734,256</u>		<u>626,573</u>
TOTAL FUNDS			<u><u>28,806,311</u></u>		<u><u>28,058,199</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 16 December 2016 and are signed on their behalf, by:

Mr Jonathan Eva
Chair of Trustees

The notes on pages 23 to 39 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>1,983,670</u>	<u>1,209,137</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(3,637,986)</u>	<u>(631,829)</u>
Net cash used in investing activities		<u>(3,637,986)</u>	<u>(631,829)</u>
Change in cash and cash equivalents in the year		(1,654,316)	577,308
Cash and cash equivalents brought forward		<u>2,703,252</u>	<u>2,125,944</u>
Cash and cash equivalents carried forward		<u><u>1,048,936</u></u>	<u><u>2,703,252</u></u>

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

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

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 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 2015 to 2016 issued by EFA, 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 2016

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 there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt 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.

Charitable activities and Governance costs are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are 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 2016**

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.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed 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

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 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.9 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 2016

1. ACCOUNTING POLICIES (continued)

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 Pensions

Retirement benefits to employees of the academy 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.

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 19, 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

1.12 Liabilities and provisions

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 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 2016**

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA 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.

1.15 Critical accounting estimates and areas of judgement

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.

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 19, 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 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	6,057	-	-	6,057	21,056
Capital Grants	-	-	1,856,513	1,856,513	932,011
	<u>6,057</u>	<u>-</u>	<u>1,856,513</u>	<u>1,862,570</u>	<u>953,067</u>

In 2015, of the total income from donations and capital grants, £21,056 was to unrestricted funds and £932,011 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Exam Fee Income	-	14,452	14,452	17,701
Trips Income	-	34,706	34,706	65,506
Lettings Income	60,792	-	60,792	90,398
Bank Interest	2,998	-	2,998	2,852
Rent of Caretakers House	3,650	-	3,650	3,650
Other Income	33,080	-	33,080	36,957
Swimming fee Income	1,106	-	1,106	915
	<u>101,626</u>	<u>49,158</u>	<u>150,784</u>	<u>217,979</u>

In 2015, of the total income from other trading activities, £134,772 was to unrestricted funds and £83,207 was to restricted funds.

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

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

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Drayton Manor High School Academy Trust

	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants			
General Annual Grant (GAG)	9,137,549	9,137,549	9,333,336
Pupil Premium	493,428	493,428	586,388
Bursary Fund	32,949	32,949	44,106
Other EFA Grants	36,306	36,306	121,359
	<u>9,700,232</u>	<u>9,700,232</u>	<u>10,085,189</u>
Other government grants			
SEN Funding	52,390	52,390	134,191
Other Government Grant	45,343	45,343	7,000
Pupil Premium LA	-	-	650
	<u>97,733</u>	<u>97,733</u>	<u>141,841</u>
	<u><u>9,797,965</u></u>	<u><u>9,797,965</u></u>	<u><u>10,227,030</u></u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £10,277,030 was to restricted funds.

5. DIRECT COSTS

	Educational Operations	Total 2016	Total 2015 (as restated)
Educational Supplies	360,551	360,551	436,342
Educational Consultancy	23,508	23,508	25,090
Agency Supply	592,952	592,952	269,044
Exam Fees	149,005	149,005	160,053
Other Support Cost	75,984	75,984	37,499
Staff Development	41,949	41,949	45,300
Wages and salaries	4,616,379	4,616,379	4,778,581
National insurance	464,433	464,433	418,456
Pension cost	671,258	671,258	585,826
Depreciation	545,399	545,399	451,491
	<u>7,541,418</u>	<u>7,541,418</u>	<u>7,207,682</u>

In 2015, the academy incurred the following Direct costs:
£7,265,682 in respect of Educational Operations

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

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

6. SUPPORT COSTS

	Governance	Educational Operations	Total 2016	Total 2015
Pension finance expenses - LGPS	-	63,000	63,000	59,000
Maintenance of Premises & Equipment	-	293,371	293,371	368,233
Educational Supplies	-	860	860	55,861
Water & Rates	-	36,195	36,195	51,811
Agency Supply	-	70,790	70,790	29,716
Insurance	-	139,597	139,597	82,260
Catering Expenses	-	101,976	101,976	90,630
Recruitment	-	89,609	89,609	84,760
Other Support Cost	51,224	103,444	154,668	146,648
Security & Maintenance	-	52,535	52,535	51,278
Other Admin Supply	-	2,164	2,164	19,172
Cleaning	-	34,306	34,306	41,316
School Trips	-	45,868	45,868	87,116
Professional Fees	-	-	-	8,950
Ground Maintenance	-	600	600	42,388
Wages and salaries	-	1,314,799	1,314,799	1,440,661
National insurance	-	69,830	69,830	71,572
Pension cost	-	149,621	149,621	234,150
	<u>51,224</u>	<u>2,568,565</u>	<u>2,619,789</u>	<u>2,965,522</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:
£51,224 (2015 - £40,251) included within the table above in respect of Educational Operations.

In 2015, the academy incurred the following Support costs:
£2,856,271 in respect of Educational Operations

7. EXPENDITURE

	Staff costs	Premises	Other costs	Total	Total 2015
	2016	2016	2016	2016	(as restated)
	£	£	£	£	£
Educational Operations:					
Direct costs	6,342,022	-	1,199,396	7,541,418	7,265,682
Support costs	1,537,250	293,371	737,944	2,568,565	2,856,271
	<u>7,879,272</u>	<u>293,371</u>	<u>1,937,340</u>	<u>10,109,983</u>	<u>10,121,953</u>

In 2016, of the total expenditure £NIL (2015- £NIL) was to unrestricted funds and £10,109,983 (2015 - £10,121,953) was to restricted funds.

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8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	<i>2015</i>
	£	<i>(as restated)</i>
		£
Depreciation of tangible fixed assets:		
- owned by the charity	545,399	<i>451,491</i>
Audit fees	4,000	<i>4,000</i>
Operating lease	18,453	<i>18,453</i>
	567,852	<i>574,394</i>

9. STAFF COSTS

Staff costs were as follows:

	2016	<i>2015</i>
	£	£
Wages and salaries	5,931,178	<i>6,219,242</i>
Social security costs	534,263	<i>490,028</i>
Operating costs of defined benefit pension schemes	820,879	<i>819,976</i>
	7,286,320	<i>7,529,246</i>
Supply teacher costs	592,952	<i>298,760</i>
	7,879,272	<i>7,828,006</i>

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

	2016	<i>2015</i>
	No.	No.
Management	12	<i>12</i>
Teachers	96	<i>97</i>
Support Staff	43	<i>46</i>
	151	<i>155</i>

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,314 (*2015 - £2,090*).

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11. OTHER PENSION CHARGES

	2016 £	2015 £
Interest income on pension scheme assets	32,000	23,000
Interest on pension scheme liabilities	(95,000)	(82,000)
	(63,000)	(59,000)

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	27,415,650	14,837	237,283	27,667,770
Additions	3,586,951	16,075	34,960	3,637,986
At 31 August 2016	31,002,601	30,912	272,243	31,305,756
Depreciation				
At 1 September 2015 (as restated)	1,328,760	4,982	98,887	1,432,629
Charge for the year	471,674	5,662	68,063	545,399
At 31 August 2016	1,800,434	10,644	166,950	1,978,028
Net book value				
At 31 August 2016	29,202,167	20,268	105,293	29,327,728
At 31 August 2015 (as restated)	26,086,890	9,855	138,396	26,235,141

13. DEBTORS

	2016 £	2015 £
Trade debtors	24,834	20,054
Other debtors	1,428,637	969,923
Prepayments and accrued income	200,344	273,031
	1,653,815	1,263,008

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14. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	172,267	63,446
Other taxation and social security	272,214	264,039
Accruals and deferred income	151,687	149,717
	596,168	477,202
	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	83,514	83,725
Resources deferred during the year	88,127	83,514
Amounts released from previous years	(83,514)	(83,725)
Deferred income at 31 August 2016	88,127	83,514

At the balance sheet date the academy was holding funds received in advance with regards to the EFA bursary grant totalling to £24,689 and trip and other income totalling to £63,438.

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15. STATEMENT OF FUNDS

	Brought Forward (as restated) £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Other Donations	626,573	107,683	-	-	-	734,256
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)
	896,302	9,847,123	(9,615,808)	(1,481,290)	(902,000)	(1,255,673)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	26,535,324	1,856,513	(545,399)	1,481,290	-	29,327,728
Total restricted funds	27,431,626	11,703,636	(10,161,207)	-	(902,000)	28,072,055
Total of funds	28,058,199	11,811,319	(10,161,207)	-	(902,000)	28,806,311

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 2016.

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 2015 <i>(as restated)</i>
	2016 £	2016 £	2016 £	2016 £	2015 £
Tangible fixed assets	-	-	29,327,728	29,327,728	26,235,141
Current assets	734,256	1,968,495	-	2,702,751	3,966,260
Creditors due within one year	-	(596,168)	-	(596,168)	(477,202)
Provisions for liabilities and charges	-	(2,628,000)	-	(2,628,000)	(1,666,000)
	<u>734,256</u>	<u>(1,255,673)</u>	<u>29,327,728</u>	<u>28,806,311</u>	<u>28,058,199</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	1,650,112	1,224,872
Adjustment for:		
Depreciation charges	545,399	451,492
Increase in debtors	(390,807)	(481,756)
Increase/(decrease) in creditors	118,966	(45,471)
FRS102 pension adjustments	60,000	60,000
Net cash provided by operating activities	<u>1,983,670</u>	<u>1,209,137</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,048,936	2,703,252
Total	<u>1,048,936</u>	<u>2,703,252</u>

19. 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

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19. PENSION COMMITMENTS (continued)

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £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 2016 was £245,000 (2015 - £244,000), of which employer's contributions totalled £194,000 (2015 - £190,000) and employees' contributions totalled £51,000 (2015 - £54,000). The agreed contribution rates for future years are 19.6% for employers and 5.5

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19. PENSION COMMITMENTS (continued)

- 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:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.00 %
Rate of increase in salaries	3.55 %	4.05 %
Rate of increase for pensions in payment / inflation	1.90 %	2.30 %
Inflation assumption (CPI)	1.80 %	2.30 %

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

	2016	2015
Retiring today		
Males	23.0	23.0
Females	25.6	25.5
Retiring in 20 years		
Males	25.3	25.2
Females	28.0	27.8

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	686,000	424,000
Other bond	244,000	160,000
Property	96,000	68,000
Cash	4,000	3,000
Other	-	22,000
Total market value of assets	<u>1,030,000</u>	<u>677,000</u>

The actual return on scheme assets was £39,000 (2015 - £7,000).

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19. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(191,000)	(185,000)
Net interest cost	(63,000)	(59,000)
Total	<u>(254,000)</u>	<u>(244,000)</u>
Actual return on scheme assets	<u>39,000</u>	<u>7,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	2,343,000	2,053,000
Current service cost	191,000	185,000
Interest cost	95,000	82,000
Contributions by employees	51,000	54,000
Actuarial losses	1,004,000	43,000
Benefits paid	(26,000)	(74,000)
Closing defined benefit obligation	<u>3,658,000</u>	<u>2,343,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	677,000	500,000
Return on plan assets (excluding net interest on the net defined pension liability)	32,000	23,000
Actuarial gains and (losses)	102,000	(10,000)
Administration expenses	-	(6,000)
Contributions by employer	194,000	190,000
Contributions by employees	51,000	54,000
Benefits paid	(26,000)	(74,000)
Closing fair value of scheme assets	<u>1,030,000</u>	<u>677,000</u>

20. MATERIAL PENSION COST

The latest valuation of the Local Government Pension Scheme (LGPS) occurred on 31 August 2016. Since the date of the previous valuation, a number of changes, both legislative and economic, have occurred which has impacted upon the actuarial assumptions made. Consequently, a significant cost has been incurred in the current financial period which is reflective of these changes made.

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21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	18,455	18,453
Between 1 and 5 years	-	18,455
Total	<u>18,455</u>	<u>36,908</u>

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. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £32,949 and disbursed £31,593 from the fund. The bursary grant received, after the deduction of relevant administration expenses, has been deferred at the year end. An amount of £NIL is included in other creditors relating to undistributed funds that is repayable to EFA.

24. PRIOR YEAR ADJUSTMENT

In the financial statements for the period ended 31 August 2016, depreciation charged upon land and buildings was overstated by £680,260. Consequently, the total funds carried forward in the SOFA and the net book value of fixed assets were understated by the same amount. In accordance with FRS 102 paragraph 10.21, a material prior period error is to be corrected retrospectively in the first financial statements to be issued after its discovery. The above correction has been made and any balances affected by the correction are marked as restated.

25. 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.

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26. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2013. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

	Notes	As previously stated	Effect of transition	YE 31 August 2015 FRS 102 (as restated)
Total Income		£11,398,076	£Nil	£11,398,076
Total Expenditure		£10,162,204	£11,000	£10,173,204
Actuarial gains and (losses) on defined benefit scheme		(£64,000)	£11,000	(£53,000)

NOTES TO RECONCILIATION

1. Local Government Pension Scheme

In the prior year, there were actuarial gains recognised on the scheme of £64,000. Under FRS 102, the following adjustments were made:

An increase in pension finance cost of £1,000 as shown under support costs.
An increase in pension costs of £10,000 as shown under support costs.