

Company Registration No. 07393519 (England and Wales)

**DARRICK WOOD SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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# **DARRICK WOOD SCHOOL**

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# DARRICK WOOD SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors (Trustees and Directors)

Dr M Airey (Head Teacher) \*  
Ms L-A Avis  
Mr P Cook \*  
Prof P Earley  
Mr J Goatcher (Chairman of Finance Committee) \*  
Mr M Green  
Mr W Harris  
Mrs J Hewitt \*  
Mr M Hewitt (Chairman) \*  
Mr C Hitchins (Resigned 30/04/2017)  
Mr M King \*  
Mrs K Morris  
Mrs M Piper-Killick  
Mr T Springett (Resigned 30/04/2017)  
Mr J Tuck  
Mr R Voyce  
Mr D Wilcox (Vice Chairman) \*

\* members of the Finance Committee

### Members

Lesley-Anne Avis  
James Goatcher  
Michael Hewitt  
Clive Hitchins  
David Wilcox

### Senior management team

- Head Teacher	Dr M Airey
- Deputy Head Teacher	Mr J Eynon
- Deputy Head Teacher	Mr B Heath
- Deputy Head Teacher	Ms C Wilson-Hooper
- Business Manager	Mr W Toth

### Company Secretary

Mrs A Carey

### Company registration number

07393519 (England and Wales)

### Registered office

Lovibonds Avenue  
Orpington  
Kent BR6 8ER

### Independent auditor

Baxter & Co  
Lynwood House  
Crofton Road  
Orpington  
Kent BR6 8QE

### Bankers

Barclays Bank  
167 High Street  
Bromley  
Kent BR1 1NJ

### Surveyors

Baily Garner LLP  
Head Office  
146-148 Eltham Hill  
Eltham  
London  
SE9 5DY

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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The Governors (Trustees) present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2016 to 31 August 2017. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2016/17 issued by the ESFA.

The trust operates an academy for pupils aged 11-18 serving a catchment area in the London Borough of Bromley. It had a roll of 1702, including 411 in the Sixth Form, in the school census, October 2016.

#### **Structure, governance and management**

##### Constitution

The charitable company is a company limited by guarantee with no share capital and it is an exempt charity. The governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. Members of the charitable company are nominated by the Trust Members, parents /carers of the students and members of staff. The Articles of Association require the members of the charitable company to appoint five governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

##### 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.

##### Governors' indemnities

No third party indemnity provisions have been provided.

##### Method of recruitment and appointment of Governors

The number of Governors shall not be less than three (unless otherwise determined by ordinary resolution) and shall not be subject to any maximum. Future Governors shall be appointed, as the case may be, under the terms of the Articles of Association.

Governors, apart from the Head Teacher are subject to retirement after 4 years of service but are eligible for re-election at the meeting at which they retire, unless they are appointed by parents, the teaching staff or associate staff.

During the year under review the governors held 3 full meetings, and governors visited on the 18<sup>th</sup> January 2017 to observe teaching and learning in a range of classrooms. The work of the governing body is facilitated by its structure of committees.

##### Policies and procedures adopted for the induction and training of Governors

There was a full day's training event (14<sup>th</sup> June 2017) covering issues relevant to the School's improvement plans. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as governors.

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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#### Organisational structure

The structure consisted of different levels: the Governors, the Head Teacher and three Deputy Head Teachers, and the Leadership Team, to include Assistant Head Teachers and the Business Manager. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual improvement plan and budget, monitoring the Academy by the use of budgets and students' performance information and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a Governor. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

The Management Team includes the Business Manager, Assistant Head Teachers, Heads of Faculty, Achievement Co-ordinators, Heads of Department and the Premises Manager.

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

The senior management team (SMT) are the key management personnel of the trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as trustees. Where staff trustees are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff. Further details of remuneration paid to staff who are trustees is set out within the notes to the accounts.

The pay of the Head Teacher is set annually by the Salaries Committee, having regards to performance against objectives set the previous year. Pay of other SMT members is also set by the Salaries Committee, again having regard to performance against previously agreed objectives and any recommendations made by the Head Teacher.

#### Related Parties and other Connected Charities and Organisations

There are no connected organisations. Details of transactions with related parties are disclosed in note 21 to the financial statements.

#### **Objectives and Activities**

##### Objects and aims

The mission of the School is to provide the highest quality of teaching and learning. It has four corporate goals:

Customer goal: To be a school which children and their parents are eager to choose.

Curriculum goal: To provide all students with the appropriate qualifications, skills and values to equip them for life.

Community goal: To take pride in the School and feel responsible for its success.

Quality goal: To strive for the highest possible standards in all aspects of school life.

The school community has agreed values: respect, honesty and responsibility. These permeate the day-to-day work of the School and are reflected within "The Darrick Wood Way".

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2017***

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#### Objectives, strategies and activities

The School development plan identified ten objectives for 2016 – 2017. These were set in the context of the School's corporate goals and values as well as to move the school's performance from outstanding to world class. Six world class aims were established:

- To lead and organise the School exceptionally well, basing decisions on evidence most pertinent to the students.
- To create excellent learners, dedicated to life-long learning.
- To focus on students' individual needs, promoting commitment to the School.
- To develop students who are scientifically, mathematically, technologically and culturally highly literate.
- To enable students to achieve exceptionally well relative to their starting points, committed to continual improvement in their performance.
- To enable students to become compelling candidates in their field for higher education and employment, globally aware, confident and prepared for life in an international environment.

Our ten objectives were:

- Effective tracking and intervention by Departments, Faculties and Year Teams to enable students to achieve exceptionally well.
- To develop staff leadership at all levels.
- To provide students with a range of opportunities to develop their leadership skills and reward those who do so.
- To develop and embed our vision for world class learning.
- To encourage growth mindsets, improving resilience and well-being.
- To create an improved system to monitor and reward positive behaviour and achievement.
- To embed a culture of action research that informs best practice across the School.
- To plan for curriculum and accountability change in Key Stage 4 and in the Sixth Form.
- To improve scientific, mathematical, technological and cultural literacy through international links and e-learning opportunities.
- To raise reading levels and develop literacy across the School.

Regular and rigorous school self-evaluation both within the school and by the Governing Body is used to ensure that the school continues to be outstanding when compared with other schools. The school values the views of its students through the operation of its School Council and sub-councils e.g. the Sports Council.

#### Public benefit

The School aims to advance education in the United Kingdom, for the public benefit. In setting the objectives of the School and planning the associated activities, the Governors have given careful consideration to the Charity Commission's general guidance on Public Benefit.

#### **Strategic report**

##### Achievements and performance

Examination results continue to be outstanding. GCSE results improved in contrast to the national decline. 83% of Year 11 gained a grade A\*- C equivalent (grade 4 and above) in both GCSE English and Mathematics, well above the national average. In addition, 40% of pupils gained the Educational Baccalaureate (22.8% nationally).

In Year 13, 48% of entries achieved A\*, A, B or equivalent grades (the key to university entrance) at Advanced Level. 99% of entries gained at least a pass grade. The majority of BTEC entries received a Distinction\* grade.

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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#### Key performance indicators

Key financial performance indicators have been set by Governors, so that the financial position remains sufficient to fund future needs.

- The allocation of resources has promoted the aims and values of the School, improved standards and the quality of provisions to meet the needs of all pupils. Comparison with other local secondary schools demonstrated that Darrick Wood School secures exceptional value for money.
- Competitive purchasing procedures have secured the best value for money.
- The Sports Centre is developing its customer base and its profitability.
- Ensured the financial position remains positive in spite of substantial cuts in government funding.
- Students' standards of attainment are very high and improving.
- The quality of teaching is outstanding.
- Our Teaching School is highly regarded.
- The School's approach to Key Stage 3 assessment and tracking of students' progress has been marketed nationally by a commercial publisher.
- Overall School attendance at 95.9% remains high compared with the national average of 94.8% in 2015-16.
- Four students were permanently excluded, two having been excluded by their previous school.
- Fixed term exclusions at 2.24% contrast with 7.6% of pupils nationally.

#### Other Key Performance Indicators

- Surveys of parents demonstrate overwhelmingly positive feedback; 96% of parents would recommend the school to another parent.
- The places in Year 7 are over-subscribed.
- The roof of the Barker building received substantial repairs.

#### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the School 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 accounts.

#### **Financial review**

We receive our income from a number of different sources. The majority of our income comes from central government via the Education and Skills Funding Agency who provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant -GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as Other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

# DARRICK WOOD SCHOOL

## GOVERNORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2017

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

The following balances held were held at 31 August;

Fund	Category	2017 £'000	2016 £'000
GAG	Restricted General Funds	-	-
Other DfE/ESFA Grants	Restricted General Funds	3	-
Other Government Grants	Restricted General Funds	-	8
Other Income	Restricted General Funds	203	170
	<b>Sub-total General Restricted Funds</b>	<b>206</b>	<b>178</b>
Unspent Capital Grants	Restricted Fixed Asset Fund	2,383	-
Other Income	Unrestricted General Fund	229	250
	<b>Sub-Total Spendable Funds</b>	<b>2,818</b>	<b>428</b>
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	10,103	10,584
Share of LGPS Deficit	Restricted Pension Reserve	(1,693)	(1,871)
	<b>Total All Funds</b>	<b>11,228</b>	<b>9,141</b>

#### Reserves policy

The Governors review the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £795k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The School's current level of free reserves available for spending (total funds less the amount held in fixed asset fund and LGPS fund) is £435k of revenue funds and £2,383 of capital funds.

Governors keep spendable reserves under constant review to ensure that they have sufficient income to run the School on an efficient basis without adverse effect on the quality of teaching and learning.

#### Investment policy and powers

There are no investments held beyond cash deposits retained with the major UK clearing banks

#### Principal risks and uncertainties

Governors have considered the principal risks and uncertainties that the School may be exposed to. Policies and controls have been designed so that these risks and uncertainties can be quickly identified, allowing the School to respond swiftly in order to eliminate them.

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School, 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, bullying and school trips) and in relation to the control of finance. They have 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 risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the Statement on the System of Internal Financial Control within the Governance Statement.



# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the School and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The School is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- The proper records are maintained and financial information used within the School or for publication is reliable;
- The School complies with relevant laws and regulations.
- The School'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 governing body;

- Regular reviews by the 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.

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the School it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly, they have set policies on internal controls which cover the following:

- The type of risks the School faces;
- The level of risks which they regard as acceptable;
- The likelihood of the risks materialising;
- The School's ability to reduce the incidence and impact on the School's operations of risks that do materialise;
- The costs of operating particular controls relative to the benefits obtained;
- Clarified the responsibility of the Management Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration;
- Explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- Embedded the control system in the School's operations so that it becomes part of the culture of the School;
- Developed systems to respond quickly to evolving risks arising from factors within the School and to changes in the external environment; and
- Included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken.

#### Equal opportunities policy

The Governors recognise that equal opportunities are integral to good practice within the workplace. The School has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. The School meets the requirements of the Equality Act 2010.

#### Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the School and remain a priority as the accommodation is enhanced. The policy of the School is to support recruitment and retention of students and employees with disabilities. The School does this by adapting the physical environment, by making support resources available and through training and career development.

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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### **Plans for future periods**

The School Development Plan 2017-2018 reflects the School's four corporate goals and its values, and continues to seek to move the School from outstanding to world class. There are four objectives:

- To reduce staff workload whilst improving students' learning and progress
- To embed a more aspirational culture across all year groups
- To remove disadvantage and poor literacy as barriers to learning
- To improve students wellbeing

### **Funds Held as Custodian Trustee on Behalf of Others**

The academy trust does not hold any funds as custodian trustee.

### **Auditor**

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 28<sup>th</sup> November 2017 and signed on its behalf by:



.....  
Mr M Hewitt  
Chairman

# **DARRICK WOOD SCHOOL**

## **GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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### **Scope of responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Darrick Wood School 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 Governors has delegated the day-to-day responsibility to Dr M Airey, as Accounting Officer for ensuring financial controls conform with the requirement of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Darrick Wood School and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Dr M Airey	3	3
Ms L-A Avis	2	3
Mr P Cook	3	3
Prof P Earley	3	3
Mr J Goatcher (Chairman of Finance Committee)	3	3
Mr M Green	3	3
Mr W Harris	3	3
Mrs J Hewitt	3	3
Mr M Hewitt (Chairman)	3	3
Mr C Hitchins	1	2
Mr M King	2	3
Mrs K Morris	3	3
Mrs M Piper-Killick	1	3
Mr T Springett	2	2
Mr J Tuck	3	3
Mr R Voyce	3	3
Mr D Wilcox (Vice Chairman)	3	3

### **Governance reviews:**

Governance remains outstanding (Ofsted 2005 and 2009). The Governing Body established performance indicators for its effectiveness many years ago and evaluates its performance regularly on this basis. The Governing Body's impact is demonstrated by:

- Success in implementation of the School's development plan;
- Exemplary level of staff and pupil participation in extra-curricular activities;
- Governors attendance at functions and sub-committee meetings;
- Securing value for money in the School's expenditure;
- Regular monitoring of income and expenditure;
- Examination results significantly above the national average;
- Exemplary behaviour of pupils;
- Compliance with legislation.

The Governing Body completes an annual evaluation of its activities during its November meeting and publishes its review on the School's website to coincide with the publication of this Governors' Report and Audited Accounts.

# **DARRICK WOOD SCHOOL**

## **GOVERNANCE STATEMENT**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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The Finance Committee is a sub-committee of the main board of governors. Its purpose is to:

- Establish an annual budget
- Monitor expenditure on a monthly basis during term time
- Approve virement in excess of that delegated to the Head Teacher
- Report on a termly basis to the full Governing Body
- Ensure that the Financial Management Standards in schools are fully met.

The Committee reviews the School's site and accommodation, the need for improvements and repairs and has commissioned relevant work, securing grants where appropriate and value for money from contractors, monitoring carefully the progress towards completion of projects to the required standard. The accounts of the Sports Centre are also kept under review. There has been no change in the composition of the Committee.

Attendance at meetings during the year was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Mr J Goatcher (Chair of Committee)	10	10
Dr M Airey	10	10
Mr P Cook	10	10
Mrs J Hewitt	7	10
Mr M Hewitt	9	10
Mr M King	6	10
Mr D Wilcox	8	10

The Audit Committee is a sub-committee of the main board of governors. Its purpose is to independently check financial systems, controls, transactions and risks and specifically to provide assurance over:

- Safeguarding of assets
- Delivery of value for money
- Risks of financial malpractice
- Risks of inappropriate use of funds.

The Audit Committee therefore reviews the very favourable systems reports from the auditors as well as the regular reports from the independent Responsible Officer. This Committee has met on 10 occasions.

#### **Review of Value for Money**

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

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

Ofsted judged achievement and standards of pupils at the School as outstanding in 2009. This position has been maintained and progress checks on current pupils in Years 11 and 13 predict results to be amongst the School's best. The 2017 GCSE results remain very significantly above the national average and the Advanced Level results were very pleasing. In addition, outstanding School attendance (95.9%), offers further evidence of value for money. The School Development Plan and a focus on the quality of teaching and learning and therefore the achievement of individual pupils has led to improvements.

# **DARRICK WOOD SCHOOL**

## **GOVERNANCE STATEMENT**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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Monthly meetings of the Governors' Finance Committee illustrate continuous financial monitoring and timely reporting and the positive reports received from both auditors and the independent Responsible Officer demonstrate sound internal spending controls, and financial records are both accurate and up-to-date. In spite of very substantial cuts from Government funding, the School has maintained a positive balance in its budget. Improved value for money has been secured through the School's success in securing grants, competitive tendering and from substantial discounts in the acquisition of goods and services. Provision of support at other schools and through our Teaching School status has offered valuable professional development for our members of staff and also generated income for Darrick Wood. On all occasions the School follows the Governors value for money policy (established in 2007) meticulously.

All surplus cash balances are invested in interest bearing accounts to maximise income generation. The ESFA administration of the Academies Capital Maintenance Fund makes it difficult to plan for capital works.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Darrick Wood School for the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

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

#### **The risk and control framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- Regular reviews by the 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr T Gaston, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a regular basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**DARRICK WOOD SCHOOL**  
**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Responsible Officer visited 4 times during the year.

Checks carried out included

- testing of payroll, payments, income, bank reconciliations and assets of 4 departments in comparison with the asset register.
- testing of payroll, payments, income, bank reconciliations and the assets of 3 departments in comparison with the asset register.
- testing of payroll, payments, income, bank reconciliations and the assets of 1 faculty in comparison with the asset register.
- testing of payroll, payments, income, bank reconciliations and assets of 3 departments in comparison with the asset register.
- testing of payroll and purchasing systems, income received and bank reconciliations.

The Governing Body is satisfied that the RO function has been fully delivered in accordance with the programme of agreed checks. No material control issues have been notified to Governors as a result of the RO's work.

**Review of effectiveness**

As Accounting Officer Dr M Airey had responsibility for reviewing the effectiveness of the system of internal control. During the period ended 31 August 2017 the review has been informed by:

- The work of the Responsible Officer;
- The work of the External Auditor;
- The financial management and governance self-assessment process and the School's best value policy;
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officers advised the Finance Committee of the implications of the result of their reviews of the system of internal control. A plan to address minor weaknesses identified and ensure continuous improvement of the system has been implemented.

Approved by order of the Board of Governors on 28<sup>th</sup> November 2017 and signed on its behalf by:



Mr M Hewitt  
Chairman



Dr M Airey  
Head Teacher

# **DARRICK WOOD SCHOOL**

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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As accounting officer of Darrick Wood School I have considered my responsibility to notify the Academy Trust Board of Governors 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's Board of Governors 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 Governors and ESFA.



Dr M Airey  
**Accounting Officer**

28 November 2017

# **DARRICK WOOD SCHOOL**

## **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Governors (who act as trustees for Darrick Wood School and are also the directors of Darrick Wood School for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare Financial Statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors 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 Board of Governors on 28 November 2017 and signed on its behalf by:



Mr M Hewitt  
Chairman



# **DARRICK WOOD SCHOOL**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARRICK WOOD SCHOOL**

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### **Opinion**

We have audited the Financial Statements of Darrick Wood School for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

# **DARRICK WOOD SCHOOL**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARRICK WOOD SCHOOL (CONTINUED)**

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### **Other information**

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

In connection with our audit of the 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Governors' Report including the incorporated strategic report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Governors' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Governors**

As explained more fully in the Statement of Governors' Responsibilities, the Governors 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 Governors 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 Governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

# **DARRICK WOOD SCHOOL**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARRICK WOOD SCHOOL (CONTINUED)**

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### **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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**David John Walsh FCCA (Senior Statutory Auditor)**

**For and on behalf of Baxter & Co**

**Statutory Auditor**

**Chartered Certified Accountants**

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 29 November 2017

# **DARRICK WOOD SCHOOL**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DARRICK WOOD SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 1 November 2012 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 Darrick Wood School during the period 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 Darrick Wood School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Darrick Wood School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Darrick Wood School and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Darrick Wood School's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Darrick Wood School's funding agreement with the Secretary of State for Education dated 30 November 2010 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 period 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the trust in order to comply with its obligations under 2.4.9 of the Academies Financial Handbook 2016, issued by the ESFA.

# **DARRICK WOOD SCHOOL**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DARRICK WOOD SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

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### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Baxter & Co**  
**Independent Reporting Accountants**  
**Chartered Certified Accountants**  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated: 29 November 2017

# DARRICK WOOD SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000	Total 2016 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	19	54	2,557	2,630	130
Charitable activities:						
- Funding for educational operations	4	8	9,284	-	9,292	9,257
Other trading activities	5	147	-	-	147	135
<b>Total income and endowments</b>		<u>174</u>	<u>9,338</u>	<u>2,557</u>	<u>12,069</u>	<u>9,522</u>
<b>Expenditure on:</b>						
Raising funds	6	72	54	-	126	99
Charitable activities:						
- Educational operations	7	123	9,440	655	10,218	10,005
<b>Total expenditure</b>	6	<u>195</u>	<u>9,494</u>	<u>655</u>	<u>10,344</u>	<u>10,104</u>
<b>Net income/(expenditure)</b>		(21)	(156)	1,902	1,725	(582)
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	362	-	362	(876)
<b>Net movement in funds</b>		(21)	206	1,902	2,087	(1,458)
<b>Reconciliation of funds</b>						
Total funds brought forward		250	(1,693)	10,584	9,141	10,599
Total funds carried forward		<u>229</u>	<u>(1,487)</u>	<u>12,486</u>	<u>11,228</u>	<u>9,141</u>

The comparative figures for 2016 are analysed according to fund on the next page of these financial statements.

# DARRICK WOOD SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

### SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	55	40	35	130
Charitable activities:					
- Funding for educational operations	4	10	9,247	-	9,257
Other trading activities	5	135	-	-	135
<b>Total income and endowments</b>		<u>200</u>	<u>9,287</u>	<u>35</u>	<u>9,522</u>
<b>Expenditure on:</b>					
Raising funds	6	55	44	-	99
Charitable activities:					
- Educational operations	7	122	9,280	603	10,005
<b>Total expenditure</b>	6	<u>177</u>	<u>9,324</u>	<u>603</u>	<u>10,104</u>
<b>Net income/(expenditure)</b>		23	(37)	(568)	(582)
Transfers between funds		(18)	(29)	47	-
<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension schemes	18	-	(876)	-	(876)
<b>Net movement in funds</b>		5	(942)	(521)	(1,458)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>245</u>	<u>(751)</u>	<u>11,105</u>	<u>10,599</u>
Total funds carried forward		<u>250</u>	<u>(1,693)</u>	<u>10,584</u>	<u>9,141</u>

# DARRICK WOOD SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2017

		2017	2016
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	11	10,103	10,584
<b>Current assets</b>			
Debtors	12	2,459	194
Cash at bank and in hand		709	702
		3,168	896
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	13	(328)	(442)
<b>Net current assets</b>		2,840	454
<b>Total assets less current liabilities</b>		12,943	11,038
Creditors: amounts falling due after more than one year	15	(22)	(26)
<b>Net assets excluding pension liability</b>		12,921	11,012
Defined benefit pension liability	18	(1,693)	(1,871)
<b>Total net assets</b>		11,228	9,141
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>	17		
- Fixed asset funds		12,486	10,584
- Restricted income funds		206	178
- Pension reserve		(1,693)	(1,871)
<b>Total restricted funds</b>		10,999	8,891
<b>Unrestricted income funds</b>	17	229	250
<b>Total funds</b>		11,228	9,141

The Financial Statements set out on pages 20 to 42 were approved by the Board of Governors and authorised for issue on 28 November 2017 and are signed on its behalf by:



Mr M Hewitt  
Chairman

Company Number 07393519



# DARRICK WOOD SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	19		(2,502)		47
<b>Cash flows from investing activities</b>					
Capital grants from DfE and ESFA		2,557		35	
Payments to acquire tangible fixed assets		<u>(44)</u>		<u>(82)</u>	
			2,513		(47)
<b>Cash flows from financing activities</b>					
Repayment of long term bank loan		<u>(4)</u>		<u>(2)</u>	
			(4)		(2)
<b>Change in cash and cash equivalents in the reporting period</b>			7		(2)
Cash and cash equivalents at 1 September 2016			<u>702</u>		<u>704</u>
<b>Cash and cash equivalents at 31 August 2017</b>			<u><u>709</u></u>		<u><u>702</u></u>

# **DARRICK WOOD SCHOOL**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **1 Accounting policies**

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

##### **1.1 Basis of preparation**

The 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 Financial Statements 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.

Darrick Wood School meets the definition of a public benefit entity under FRS 102.

##### **1.2 Going concern**

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors 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.

##### **1.3 Income**

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

###### Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

###### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

###### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

# **DARRICK WOOD SCHOOL**

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

### **FOR THE YEAR ENDED 31 AUGUST 2017**

---

#### **1 Accounting policies**

##### Donated goods, facilities and services

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

##### Donated fixed assets

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

#### **1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

##### Governance costs

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

#### **1.5 Tangible fixed assets and depreciation**

Assets costing £5,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Where tangible fixed assets have been acquired / funded by other income, the fixed asset fund is also credited. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

# **DARRICK WOOD SCHOOL**

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

### **FOR THE YEAR ENDED 31 AUGUST 2017**

---

#### **1 Accounting policies**

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

Freehold land is not depreciated

Freehold buildings	2% Straight Line
ICT / Computer equipment	50% Straight Line
Fixtures, fittings & equipment	20% Straight Line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### **1.6 Liabilities**

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

#### **1.7 Leasing and hire purchase commitments**

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

#### **1.8 Financial instruments**

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

##### Financial assets

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

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

##### Financial liabilities

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

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

#### **1.9 Taxation**

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

# **DARRICK WOOD SCHOOL**

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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### **1 Accounting policies**

#### **1.10 Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

##### **Teachers' Pension Scheme**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

##### **Local Government Pension Scheme**

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

#### **1.11 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

#### **1.12 Agency arrangements**

Where the Academy Trust acts as agent in collecting and / or distributing from the ESFA or others, and subsequent disbursements are excluded from the Statement of Financial Activities as the Trust does not have control over charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 23.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

##### Critical areas of judgement

In preparing these Financial Statements, the Governors have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

#### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Voluntary income	-	54	54	40
Capital grants	-	2,557	2,557	35
Other donations	19	-	19	55
	<u>19</u>	<u>2,611</u>	<u>2,630</u>	<u>130</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	8,411	8,411	8,419
Other DfE / ESFA grants	-	314	314	284
	<u>-</u>	<u>8,725</u>	<u>8,725</u>	<u>8,703</u>
<b>Other government grants</b>				
Local authority grants	-	118	118	145
Other grants	-	-	-	67
	<u>-</u>	<u>118</u>	<u>118</u>	<u>212</u>
<b>Other funds</b>				
Voluntary fund	-	301	301	304
Other incoming resources	8	140	148	38
	<u>8</u>	<u>441</u>	<u>449</u>	<u>342</u>
<b>Total funding</b>	<u>8</u>	<u>9,284</u>	<u>9,292</u>	<u>9,257</u>

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	147	-	147	135

### 6 Expenditure

	Staff costs £'000	Premises & occupancy costs £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Expenditure on raising funds	57	-	69	126	99
Academy's educational operations					
- Direct costs	6,551	421	817	7,789	7,756
- Allocated support costs	1,332	768	329	2,429	2,249
	<u>7,940</u>	<u>1,189</u>	<u>1,215</u>	<u>10,344</u>	<u>10,104</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 6 Expenditure

Net income/(expenditure) for the year includes:	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	9	8
- Other services	5	5
Depreciation of tangible fixed assets	525	603
Net interest on defined benefit pension liability	37	33

### 7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	53	7,736	7,789	7,756
Support costs - educational operations	70	2,359	2,429	2,249
	<u>123</u>	<u>10,095</u>	<u>10,218</u>	<u>10,005</u>

#### Analysis of support costs

	Total 2017 £'000	Total 2016 £'000
Support staff costs	1,332	1,181
Depreciation and amortisation	104	120
Premises and occupancy costs	664	590
Other support costs	302	332
Governance costs	27	26
	<u>2,429</u>	<u>2,249</u>

### 8 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	6,100	5,915
Social security costs	606	503
Operating costs of defined benefit pension schemes	1,160	1,026
Apprenticeship levy	7	-
Staff costs	<u>7,873</u>	<u>7,444</u>
Supply staff costs	67	66
Total staff expenditure	<u>7,940</u>	<u>7,510</u>



# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2017**

### 8 Staff costs

#### Staff numbers

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

	2017 Number	2016 Number
Teachers	114	111
Administration and support	93	96
Management	9	10
	<u>216</u>	<u>217</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2017 Number	2016 Number
Teachers	106	101
Administration and support	72	72
Management	9	10
	<u>187</u>	<u>183</u>

#### Higher paid staff

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

	2017 Number	2016 Number
£60,000 - £70,000	4	3
£70,001 - £80,000	-	1
£90,001 - £100,000	1	1
	<u>5</u>	<u>5</u>

#### Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions, excluding employer NIC) received by key management personnel for their services to the Academy Trust was £574,921 (2016: £559,121).

# **DARRICK WOOD SCHOOL**

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

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **9 Governors' remuneration and expenses**

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

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

M Airey (Head Teacher):

- Remuneration £95,000 - £100,000 (2016: £90,000 - £95,000)
- Employer's pension contributions £15,000 - £20,000 (2016: £15,000 - £20,000)

J Tuck (Staff Governor):

- Remuneration £50,000 - £55,000 (2016: £50,000 - £55,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

W Harris (Staff Governor):

- Remuneration £20,000 - £25,000 (2016: £15,000 - £20,000)
- Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

P Cook (Staff Governor):

- Remuneration £45,000 - £50,000 (2016: £45,000 - £50,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

During the year, expenses totalling £313 (2016: £429) were reimbursed or paid directly to 2 Governors (2016: 3 Governors).

Other related party transactions involving the Governors are set out within the related parties note.

#### **10 Governors and officers insurance**

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £2,310 (2016: £2,299). The cost of this insurance is included in the total insurance cost.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 11 Tangible fixed assets

	Freehold land and buildings £'000	ICT / Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 September 2016	13,418	284	101	54	13,857
Additions	44	-	-	-	44
At 31 August 2017	13,462	284	101	54	13,901
<b>Depreciation</b>					
At 1 September 2016	2,877	265	77	54	3,273
Charge for the year	496	19	10	-	525
At 31 August 2017	3,373	284	87	54	3,798
<b>Net book value</b>					
At 31 August 2017	10,089	-	14	-	10,103
At 31 August 2016	10,541	19	24	-	10,584

### 12 Debtors

	2017 £'000	2016 £'000
Trade debtors	10	8
VAT recoverable	42	49
Other debtors	33	70
Prepayments and accrued income	2,374	67
	2,459	194

### 13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Loans	4	4
Trade creditors	62	77
Accruals and deferred income	262	361
	328	442

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

<b>14</b>	<b>Deferred income</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within:		
	Creditors due within one year	147	242
		<u>          </u>	<u>          </u>
	Deferred income at 1 September 2016	242	144
	Released from previous years	(242)	(144)
	Amounts deferred in the year	147	242
		<u>          </u>	<u>          </u>
	<b>Deferred income at 31 August 2017</b>	<b>147</b>	<b>242</b>
		<u>          </u>	<u>          </u>

Deferred income relates to trips and activities £97k (2016: £121k), capital grant £21k (2016: £20k), ESFA bursary grant £29k (2016: £22k), GAG rates £nil (2016: £7k) and NCTL grants received in advance £nil (2016: £72k).

<b>15</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
	Loans	22	26
		<u>          </u>	<u>          </u>
	<b>Analysis of loans</b>		
	Not wholly repayable within five years by instalments	6	10
	Wholly repayable within five years	20	20
		<u>          </u>	<u>          </u>
		26	30
	Less: included in current liabilities	(4)	(4)
		<u>          </u>	<u>          </u>
	Amounts included above	22	26
		<u>          </u>	<u>          </u>
	Instalments not due within five years	6	10
		<u>          </u>	<u>          </u>
	<b>Loan maturity</b>		
	Debt due in one year or less	4	4
	Due in more than one year but not more than two years	4	4
	Due in more than two years but not more than five years	12	12
	Due in more than five years	6	10
		<u>          </u>	<u>          </u>
		26	30
		<u>          </u>	<u>          </u>

The loan above is a DfE approved interest free Salix loan repayable over eight years.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 16 Analysis of net assets between funds

	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2017 £'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	10,103	10,103
Current assets	229	556	2,383	3,168
Creditors falling due within one year	-	(328)	-	(328)
Creditors falling due after one year	-	(22)	-	(22)
Defined benefit pension liability	-	(1,693)	-	(1,693)
	<u>229</u>	<u>(1,487)</u>	<u>12,486</u>	<u>11,228</u>

	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2016 £'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	10,584	10,584
Current assets	250	646	-	896
Creditors falling due within one year	-	(442)	-	(442)
Creditors falling due after one year	-	(26)	-	(26)
Defined benefit pension liability	-	(1,871)	-	(1,871)
	<u>250</u>	<u>(1,693)</u>	<u>10,584</u>	<u>9,141</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant	-	8,411	(8,411)	-	-
Other DfE / ESFA grants	-	154	(151)	-	3
Pupil premium	-	160	(160)	-	-
Other government grants	8	118	(126)	-	-
Other restricted funds	170	495	(462)	-	203
	<u>178</u>	<u>9,338</u>	<u>(9,310)</u>	<u>-</u>	<u>206</u>
Funds excluding pensions	178	9,338	(9,310)	-	206
Pension reserve	(1,871)	-	(184)	362	(1,693)
	<u>(1,693)</u>	<u>9,338</u>	<u>(9,494)</u>	<u>362</u>	<u>(1,487)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	9,024	-	(464)	-	8,560
DfE / ESFA capital grants	-	2,557	(130)	-	2,427
Capital expenditure from GAG and other funds	1,560	-	(61)	-	1,499
	<u>10,584</u>	<u>2,557</u>	<u>(655)</u>	<u>-</u>	<u>12,486</u>
<b>Total restricted funds</b>	<u>8,891</u>	<u>11,895</u>	<u>(10,149)</u>	<u>362</u>	<u>10,999</u>
<b>Unrestricted funds</b>					
General funds	250	174	(195)	-	229
<b>Total funds</b>	<u>9,141</u>	<u>12,069</u>	<u>(10,344)</u>	<u>362</u>	<u>11,228</u>

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

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

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £10,103k (2016: £10,584k) plus the unspent element of Capital funds £2,383k (2016: £nil). When assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

#### Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant	-	8,419	(8,390)	(29)	-
Other DfE / ESFA grants	-	105	(105)	-	-
Other government grants	18	212	(222)	-	8
Pupil premium	16	179	(195)	-	-
Other restricted funds	154	372	(356)	-	170
	<u>188</u>	<u>9,287</u>	<u>(9,268)</u>	<u>(29)</u>	<u>178</u>
Funds excluding pensions					
Pension reserve	(939)	-	(56)	(876)	(1,871)
	<u>(751)</u>	<u>9,287</u>	<u>(9,324)</u>	<u>(905)</u>	<u>(1,693)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	9,488	-	(464)	-	9,024
DfE / ESFA capital grants	-	35	-	(35)	-
Capital expenditure from GAG and other funds	1,617	-	(139)	82	1,560
	<u>11,105</u>	<u>35</u>	<u>(603)</u>	<u>47</u>	<u>10,584</u>
<b>Total restricted funds</b>	<u>10,354</u>	<u>9,322</u>	<u>(9,927)</u>	<u>(858)</u>	<u>8,891</u>
<b>Unrestricted funds</b>					
General funds	245	200	(177)	(18)	250
<b>Total funds</b>	<u>10,599</u>	<u>9,522</u>	<u>(10,104)</u>	<u>(876)</u>	<u>9,141</u>

### 18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £9k (2016: £34k) were payable to the schemes at 31 August 2017 and are included within creditors.

# **DARRICK WOOD SCHOOL**

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

### **FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **18 Pensions and similar obligations**

##### **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 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 pension costs paid to the TPS in the period amounted to £723k (2016: £726k).

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

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

###### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.3% for employers and a range from 5.5% to 12.5% for employees.



# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 18 Pensions and similar obligations

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

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	291	277
Employees' contributions	72	68
Total contributions	363	345

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.70	3.30
Rate of increase for pensions in payment	2.20	1.90
Discount rate	2.40	2.10
CPI increases	2.20	1.80

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

	2017 Years	2016 Years
Retiring today		
- Males	23.3	23.2
- Females	26.0	25.6
Retiring in 20 years		
- Males	25.9	25.5
- Females	28.3	28.5

#### Sensitivity Analysis

Scheme liabilities have been valued at £5,461k (2016: £4,965k). The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate used were to increase by 0.1%, liabilities would be measured at £5,342k (2016: £4,858).

If the inflation rate used were to increase by 0.1%, liabilities would be measured at £5,582k (2016: £5,074k).

If the life expectancy were to increase by 1 year, liabilities would be measured at £5,556 (2016: £5,051k).

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 18 Pensions and similar obligations

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	2,874	2,308
Other Bonds	528	480
Cash	53	28
Other assets	313	278
Total market value of assets	3,768	3,094

Actual return on scheme assets - gain/(loss)	321	567
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##### Amounts recognised in the statement of financial activities

	2017 £'000	2016 £'000
Current service cost	438	300
Interest income	(69)	(94)
Interest cost	106	127
Total operating charge	475	333

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

	2017 £'000	2016 £'000
Obligations at 1 September 2016	4,965	3,122
Current service cost	429	292
Interest cost	106	127
Employee contributions	72	68
Actuarial (gain)/loss	(101)	1,357
Benefits paid	(10)	(1)
At 31 August 2017	5,461	4,965

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 18 Pensions and similar obligations

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

	2017 £'000	2016 £'000
Assets at 1 September 2016	3,094	2,183
Interest income	60	86
Actuarial gain	261	481
Employer contributions	291	277
Employee contributions	72	68
Benefits paid	(10)	(1)
At 31 August 2017	3,768	3,094
Total pension scheme liabilities / obligations	(5,461)	(4,965)
Total pension scheme assets	3,768	3,094
<b>Net Defined Benefit Pension liability</b>	<b>(1,693)</b>	<b>(1,871)</b>

### 19 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2017 £'000	2016 £'000
Net income/(expenditure) for the reporting period	1,725	(582)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(2,557)	(35)
Defined benefit pension costs less contributions payable	147	23
Defined benefit pension net finance cost	37	33
Depreciation of tangible fixed assets	525	603
(Increase)/decrease in debtors	(2,265)	140
(Decrease) in creditors	(114)	(135)
<b>Net cash used in operating activities</b>	<b>(2,502)</b>	<b>47</b>

### 20 Capital commitments

	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the Financial Statements	2,380	-

At 31 August 2017 the Academy Trust was committed to expenditure on the new two storey build. The total anticipated costs for the project are £2,425k with £45k being incurred as at 31 August 2017. Costs to complete the project are expected to be £2,380k.

# **DARRICK WOOD SCHOOL**

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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### **21 Related party transactions**

No related party transactions took place in the period of account other than certain Governors' remuneration and expenses already disclosed in note 9.

### **22 Members' liability**

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

### **23 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 £25,450 (2016: £23,516) and disbursed £16,913 (2016: £11,674) from the fund and applied £1,272 (2016: £1,176) towards the Academy's administration costs. An amount of £29,481 (2016: £22,216) is included within creditors: amounts falling due in less than one year relating to undistributed funds.

The Academy also acts as an agent for the NCTL distributing funds on its behalf. During the year the Academy received £439,200 (2016: £407,518) and disbursed this in full on behalf of the fund.