

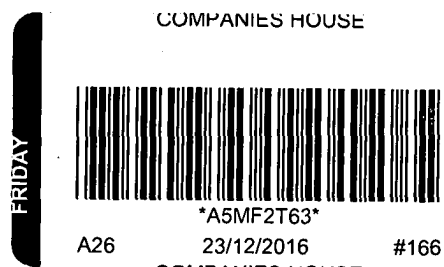
Registered number: 07716057 (England and Wales)

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**THE KING DAVID HIGH SCHOOL**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**



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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**THE KING DAVID HIGH SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Members**

Mr J Rowe  
Mr J Dover  
Mr A Berkeley (appointed 1 September 2015)  
Mr G Stemmer

**Governors**

Mr J Rowe, Chair  
Mr J Dover, Vice Chair  
Mr G Stemmer  
Mrs M Rowe  
Mr L Fruhman  
Mr N Handler  
Mr A Pliener  
Cllr M Hackett  
Mrs E Raczkowycz  
Mr D Landes  
Mrs C Downes  
Mr B Levy, Head Teacher  
Mr C Glaskie  
Mr A Berkeley, Treasurer (appointed 1 September 2015)  
Ms N Nelson  
Ms S Rosenberg

**Company registered number**

07716057

**Company name**

The King David High School

**Principal and registered office**

The King David High School, Eaton Road, Manchester, M8 5DY

**Company secretary**

Mr Berkeley

**Senior management team**

Mr B N Levy, Headteacher  
Mrs H Edis, Assistant Headteacher  
Mrs T Basger, Assistant Headteacher

**Independent auditor**

Crowe Clark Whitehill LLP, 3rd floor, The Lexicon, Mount Street, Manchester, M2 5NT

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**THE KING DAVID HIGH SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Advisers (continued)**

**Bankers**

The Co-operative Bank, 1 Balloon Street, Manchester, M60 4EP

**Solicitors**

Hill Dickinson LLP, No1 St Paul's Square, Liverpool, L3 9SJ

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

The trust operates a secondary academy and sixth form for pupils aged 11 to 18, primarily serving a catchment area in North Manchester. It has a pupil capacity of 805 and had a roll of 832 in the school census in October 2015.

**Structure, governance and management**

**a. CONSTITUTION**

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

The charitable company's Trust deed is the primary governing document of the academy trust. The King David High School (The Academy) was formed on 25th July 2011. The Academy took over the management of The King David High School on 17th August 2011.

The Governors of The King David High School are also the directors of the charitable company for the purpose of company law.

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

**b. MEMBERS' LIABILITY**

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

**c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

Foundation governors are appointed by the King David Schools (Manchester) Trust, normally for a term of 4 years. In addition there are local authority governors, parent governors and staff governors. Parent governors are elected by parents.

The Articles of Association require there to be a minimum of 3 governors to be responsible for the management of the Academy. The Articles of Association contain provisions for the appointment of additional governors including staff governors and parent governors. There is no maximum number of governors.

The Governing Body comprises 16 Governors, including the head teacher, 2 staff Governors and 2 Parent Governors.

**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

New Governors have induction training and support available to them, via the Clerk to the Governing Body and through training courses provided by the Local Education Authority.

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The pay policy for key management personnel is in accordance with the school Pay Policy and national scale.

**f. ORGANISATIONAL STRUCTURE**

The structure consists of a number of levels: the Members, Trustee of King David Schools (Manchester), Governors and Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustee of King David Schools (Manchester) Trust, KDS Trustees Limited is responsible for the overall direction, religious content and appointing its foundation governors. This Trust is controlled by the Directors of the trustee company (the KD Foundation), Joshua Rowe (Chair), David Lopian and Stephen Elias. The Trustee Company is responsible for the appointment of Foundation Governors and the Articles of Association may not be amended without the agreement of the Trustee.

Members of the King David High School Academy are the subscribers to the trust's memorandum of association. The current Members are Joshua Rowe (Chair), Jonathan Dover, Gidon Stemmer and Andrew Berkeley. These same individuals are also the Directors of the Academy under company law.

The Governors are responsible for setting general policy, adopting a Strategic School Development Plan and setting the budget. They also monitor The King David High School by the use of financial reports and examination results and make major decisions about the direction of The King David High School, capital expenditure and senior staff appointments.

The School's Senior Management Team control The King David High School at an executive level implementing the policies laid down by the Governors and are accountable to them for the performance of the school.

The Governing Body has a number of committees. Each committee has its own terms of reference detailing the responsibilities discharged to the committee, to the Headteacher (the Accounting Officer) and to the School Leadership Team. The terms of reference and meeting frequency for each committee is reviewed and approved by the Trustees/Governors annually. The terms of reference for the Finance Committee detail the School's authorised spending limits.

The governors have sub committees responsible for specific areas (Staff Disciplinary, Pupil Disciplinary, Sixth Form, Staffing, Ofsted Monitoring etc). Each sub committee has its own terms of reference and the governors review the remit of the sub groups and the frequency of meeting. The Finance Committee meet at least once per term and the other committees meet as required.

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The Trustee of King David Schools (Manchester) Trust is responsible for the overall direction of the school and its religious content. The Trustee is the sponsor of the school.

The Academy works closely with parents and other stakeholders to further the principal activities of the academy.

The Academy has a relationship with both the King David Schools (Manchester) a charitable trust and the King David Primary School Academy.

King David Schools (Manchester) owns the buildings in which the two Academies operate. There are also a small number of Trustees of the Academy who are also common Directors/Trustees of the other entities

**h. GOVERNORS' INDEMNITIES**

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover of up to £5,000,000 on any one claim.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

The principal object and activity of the Charitable Company is the operation of The King David High School. The King David High School's principal activity is specifically restricted to the following:

The provision of secondary school education with a designated Jewish religious character (in accordance with the religious authority of the Chief Rabbi of the United Hebrew Congregation of the British Commonwealth) offering a broad and balanced curriculum.

In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy and that the curriculum should comply with the substance of the National Curriculum.

The main objectives of the Academy during the period ended 31 August 2016 are:

- Academic – The School aims to achieve the highest academic standards and ensure that every pupil realises their full potential.
- Welfare – The school has a warm and caring approach and aims to ensure the well being and happiness of every child.
- Religious – The school promotes the values, standards and discipline of the faith. It provides a strong Jewish education which imbues children with the knowledge of, and pride in, their heritage and identity.

The excellent results that the School achieves as reflected in the published Government tables is testimony to the fulfilment of the Academy Trust objectives.

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The objectives of the school are to provide the highest quality of education for each and every child, whilst maintaining the warm and welcoming atmosphere of the school and enhancing the pupils' knowledge of, and pride in, their faith and tradition.

**c. PUBLIC BENEFIT**

We have referred to guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

**Achievements and performance**

**a. KEY FINANCIAL PERFORMANCE INDICATORS**

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence. In its last OFSTED inspection in May 2015, OFSTED assessed the Academy as "Outstanding" in every category.

The Academy is also monitored through the completion and submission to the EFA of

- The annual abbreviated accounts record;
- The financial plan for the period 2015-2018; and
- The annual financial Management and Governance Evaluation.

The Governors received reports on the financial performance & management at each meeting. Key information reported includes:

- Balanced budget approved by the governors
- Progress on asset development
- Delegated budgets - expenditure against key delegated budgets reviewed

Other key non-financial performance information includes:

- **Attainment** - Students attainment improved at the Academy in the period of the accounts. The proportion of students achieving 5 GCSE's at A\*-C including Maths and English rose from 90.24% to 91.94%. At A-level the pass rate improved from 99% to 100%.
- **Pupil Recruitment** - The Academy remains a popular choice for students and continues to achieve its forecast number of pupils and is fully subscribed.
- **Attendance** - Attendance at the Academy was 95.1%. Our target is to be better than the national average for attendance. The figure for 2015-16 is not yet available but was 95% in the previous year.



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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**b. REVIEW OF ACTIVITIES**

The Academy is in its fifth year of operation. It continues to achieve forecast numbers of pupils and is fully subscribed. The Academy has a standard admission number of 115 per year group. The Academy admission policy is available for download on the school's website.

In 2016, the school's pass rate at GCSE, 5 A\* to C grades was 95.97%. The pass rate for 5 A\* to C grades including English and Maths was 91.94%. At A Level, the pass rate was 100% with some 80.11% of results being at A\*, A or B grades.

The aim is to maintain excellence and high standards. In 2016, the school was rated the third best comprehensive in the country and first in the North West (Sunday Times Parent Power).

**a. GOING CONCERN**

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

However, the governors note the following deficits within the accounts:

- An unrestricted funds balance of £nil
- A restricted funds deficit of £991,752
- Net current liabilities of £10,482

The Governors, in conjunction with the Foundation Trustees, are considering a number of fundraising opportunities to recover the deficits going forward. In addition, the governors will review the cost base in the medium term.

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Governors have assessed the major risks to which the Academy is exposed, in particular, those relating to the operational areas of the site and facilities and of teaching and the finances. The governors have implemented a system to assess the risks the school faces, especially in the operational areas which include teaching and health and safety and in relation to the control of finance. The governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured that they have adequate insurance cover. The academy has also produced a risk register and action plan. These items are reviewed periodically to ensure they are up to date and relevant to the academy's requirements.

The Academy's financial objectives are:

- To set and operate within an agreed and balanced budget
- Applying at all times, best value principles in all purchases
- Monitoring and evaluating the value for money of all staff
- To prevent all areas of wastage

These objectives were achieved in the period ending 31st August 2016. However in respect of the financial results for the year, we draw your attention to the sections below and the Going Concern note in the financial statements.

**Financial Report for the Period**

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ending 31st August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the charities Statement of Recommended Practice 2015, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

**Financial Position**

The Academy held fund balances at 31 August 2016 of £17,928,395. This comprised of a deficit on general restricted funds of (£236,750) and restricted fixed asset funds of £18,920,147 and the pension scheme deficit of £755,000.

The academy is carrying a net deficit of £236,750 on restricted general funds (excluding pension reserve) due to the cut in EFA funding which is detailed in the next section along with the action the academy is taking to return these funds to surplus.

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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

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**c. PRINCIPAL RISKS AND UNCERTAINTIES**

The Academy keeps up the system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

A risk register is maintained at the Academy level which is reviewed at least annually by the Governors and more regularly when necessary. The risk register identifies key risks, the likelihood of these risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by an action plan which sets out a set of procedures to follow if risks on the risk register occur.

Outlined below is a description of the principal risk factors which may affect the Academy. Not all factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

**1. Government Funding**

The Academy has considerable reliance on continued Government funding through the EFA. Over the past 4 years, the government has slashed the funding available to schools of excellence, such as King David – diverting funds instead to support failing schools. As a result in 2015/2016, the government only funded around 90% of the school's needs. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or in the same terms.

This risk is mitigated in a number of ways:

- Funding is derived from some extremely generous donors and from parents who contribute to the school's charity (the Foundation);
- By ensuring that the Academy is rigorous in delivering high quality education and training;
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.

**2. Maintain adequate funding of pensions liabilities**

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of Financial Reporting Standard 102. This deficit relates to non teaching staff who are members of Greater Manchester Pension Fund. At August 31 2016 the deficit amounted to £755,000.

The pension scheme liability is an on going liability which is not expected to materialise until the retirement of the employees in the scheme. The Academy makes contributions to the scheme on behalf of its employees. During the period, the Academy made contributions of £75,000. These contributions are determined by the scheme's Actuaries and are designed to eliminate the deficit over the estimated future working lives of the employees in the scheme.

Additionally, government has repeatedly assured schools that these deficits will be covered by government.

**d. RESERVES POLICY**

The academy has a target level of reserves set to be just below £1 million which equates to 3 months expenditure by the Academy. Due to the savage cuts to our budget by government and LEA (effectively a reduction of over £1 million per year) the school has had to make serious cuts to many of its provisions and has absolutely no reserves whatsoever except for the balance held in the restricted fixed asset fund.

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

The academy will continue to strive to achieve the highest academic standards, ensuring that every pupil realises their full potential. It will also maintain its efforts to ensure the well being and happiness of each and every child.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditor in connection with preparing its report and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the board of governors as the company directors, on 20 December 2016 and signed on its behalf by:



**Mr J Rowe**  
**Chair of Trustees**

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As governors, we acknowledge we have overall responsibility for ensuring that The King David High 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 the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The King David High School and the Secretary of State for Education. They are also responsible for reporting to the board of governors 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 board of governors has formally met 3 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mr J Rowe, Chair	3	3
Mr J Dover, Vice Chair	3	3
Mr G Stemmer	2	3
Mrs M Rowe	3	3
Mr L Fruhman	1	3
Mr N Handler	3	3
Mr A Pliener	2	3
Cllr M Hackett	0	3
Mrs E Raczkowycz	0	0
Mr D Landes	1	3
Mrs C Downes	0	3
Mr B Levy, Head Teacher	2	3
Mr C Glaskie	3	3
Mr A Berkeley, Treasurer	3	3
Ms N Nelson	2	3
Ms S Rosenberg	2	3

The Finance Committee is a sub-committee of the main board of governors.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr J Rowe, Chair	3	3
Mr J Dover, Vice Chair	3	3
Mr A Berkeley, Treasurer	3	3
Mr B Levy, Head Teacher	2	3

**REVIEW OF VALUE FOR MONEY**

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

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

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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delivered improved value for money during the year by:

- maintaining the tight control over expenditure
- efficient use of staff
- continuing to prioritise scarce resources to teaching (as opposed to Administration)
- As a result of its tight controls and donations from donors and parents (to the Foundation), the school has managed to break even, despite the vast diversion, by Government, of funding towards failing schools and away from successful ones which has led to savage cuts in the budget allocation to schools such as ours.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The King David High School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of 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 board of governors considered the need for a specific internal audit function and decided to appoint Education Finance Consultants as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a semi-annual basis, the internal auditor reports to the board of governors on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

The consultants reports are reviewed in detail by the Finance Committee.

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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The appointee held the position until May 2016 but no reports were produced from the start of the period until the appointee's resignation. The academy is currently in the process of looking for a replacement for this role.

To mitigate this, the academy engaged the services of its external auditor to perform an extended assurance project on the 16-19 bursary fund.

**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the board of governors on 20 December 2016 and signed on their behalf,  
by:



**Mr J Rowe**  
**Chair of Trustees**



**Mr B Levy**  
**Accounting Officer**

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**THE KING DAVID HIGH SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The King David High School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



**Mr B Levy**  
**Accounting Officer**

Date: 20 December 2016



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**THE KING DAVID HIGH SCHOOL**  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Governors (who act as governors of The King David High School and are also the directors of the charitable company 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 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:

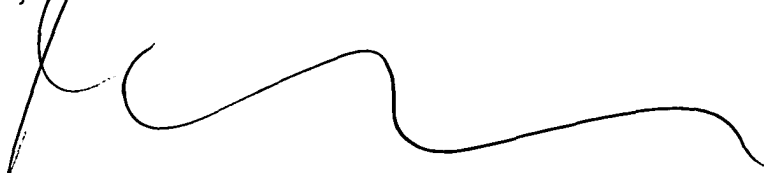
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on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

The 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 grants received from the EFA/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 members of the board of governors on 20 December 2016 and signed on its behalf by:



**Mr J Rowe**  
**Chair of Trustees**

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
KING DAVID HIGH SCHOOL**

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR**

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

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

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
KING DAVID HIGH SCHOOL**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

  
**Michael Jayson (Senior statutory auditor)**  
**Crowe Clark Whitehill LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: **21 DEC 2016**

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE KING DAVID  
HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 18 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The King David High School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The King David High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The King David High School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The King David High School and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE KING DAVID HIGH SCHOOL'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITOR**

The accounting officer is responsible, under the requirements of The King David High School's funding agreement with the Secretary of State for Education dated 17 August 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE KING DAVID  
HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Michael Jayson (Senior statutory auditor)**  
**Crowe Clark Whitehill LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date:

**21 DEC 2016**

**THE KING DAVID HIGH SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	150,000	159,569	505,595	815,164	711,421
Charitable activities	3	177,292	4,281,878	-	4,459,170	4,725,911
Investments	4	4,533	-	-	4,533	2,844
<b>TOTAL INCOME</b>		<b>331,825</b>	<b>4,441,447</b>	<b>505,595</b>	<b>5,278,867</b>	<b>5,440,176</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		333,870	4,724,330	528,891	5,587,091	5,410,086
<b>TOTAL EXPENDITURE</b>	7	<b>333,870</b>	<b>4,724,330</b>	<b>528,891</b>	<b>5,587,091</b>	<b>5,410,086</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	(2,045)	(282,883)	(23,296)	(308,224)	30,090
		-	(147,007)	147,007	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(2,045)	(429,890)	123,711	(308,224)	30,090
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(357,000)	-	(357,000)	8,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(2,045)</b>	<b>(786,890)</b>	<b>123,711</b>	<b>(665,224)</b>	<b>38,090</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		2,045	(204,862)	18,796,436	18,593,619	18,555,529
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>(991,752)</b>	<b>18,920,147</b>	<b>17,928,395</b>	<b>18,593,619</b>

**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07716057**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	14		<b>18,920,147</b>		<b>18,349,271</b>
<b>CURRENT ASSETS</b>					
Debtors	15	<b>33,729</b>		<b>106,529</b>	
Cash at bank and in hand		<b>311,557</b>		<b>887,873</b>	
		<b>345,286</b>		<b>994,402</b>	
<b>CREDITORS: amounts falling due within one year</b>	16	<b>(355,768)</b>		<b>(121,083)</b>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<b>(10,482)</b>		<b>873,319</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>18,909,665</b>		<b>19,222,590</b>
<b>CREDITORS: amounts falling due after more than one year</b>	17		<b>(226,270)</b>		<b>(276,971)</b>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<b>18,683,395</b>		<b>18,945,619</b>
Defined benefit pension scheme liability	23		<b>(755,000)</b>		<b>(352,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>17,928,395</b>		<b>18,593,619</b>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	19	<b>(236,752)</b>		<b>147,138</b>	
Restricted fixed asset funds	19	<b>18,920,147</b>		<b>18,796,436</b>	
Restricted income funds excluding pension liability		<b>18,683,395</b>		<b>18,943,574</b>	
Pension reserve		<b>(755,000)</b>		<b>(352,000)</b>	
Total restricted income funds			<b>17,928,395</b>		<b>18,591,574</b>
Unrestricted income funds	19		<b>-</b>		<b>2,045</b>
<b>TOTAL FUNDS</b>			<b>17,928,395</b>		<b>18,593,619</b>

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2016**

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The financial statements were approved by the Governors, and authorised for issue, on 20 December 2016 and are signed on their behalf, by:



**Mr J Rowe**  
**Chair of Trustees**

The notes on pages 24 to 47 form part of these financial statements.



**THE KING DAVID HIGH SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	62,230	(13,255)
Capital grants from DfE/EFA and other capital income		505,595	553,703
Purchase of tangible fixed assets		(1,091,637)	(250,191)
<b>Net cash (used in)/provided by investing activities</b>		(586,042)	303,512
Repayment of loans		(52,504)	(46,326)
<b>Net cash used in financing activities</b>		(52,504)	(46,326)
<b>Change in cash and cash equivalents in the year</b>		(576,316)	243,931
Cash and cash equivalents brought forward		887,873	643,942
<b>Cash and cash equivalents carried forward</b>	22	311,557	887,873

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

The King David High School constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of The King David High School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The King David High School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

This has not had a material effect on the comparatives for the year ended 31 August 2016.

**1.2 Fund accounting**

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

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

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

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

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

**1.4 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Going concern**

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

To mitigate the impact of the reduction of funding from EFA upon which the academy is heavily reliant, the academy is attempting to derive income from alternative sources. It has benefitted from some extremely generous donors and from parents who contribute to the school's charity (the Foundation). Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.

The Governors, in conjunction with the Foundation Trustees, are considering a number of fundraising opportunities to recover the deficits going forward. In addition, the governors will review the cost base in the medium term.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £10,000 are capitalised.

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

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
S/Term Leasehold Property	-	5 years
Motor vehicles	-	5 years
Fixtures & fittings	-	5 years
Computer equipment	-	5 years
Assets under the Course of Construction	-	Not depreciated

**1.7 Interest receivable**

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

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

**1.11 Liabilities and provisions**

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

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Financial instruments**

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgments in performing this valuation can be found in note 1.16.

**1.13 Taxation**

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

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.15 Agency arrangements**

The academy trust acts as an agent in distributing funds for the EFA to sixth form students in the form of the 16-19 Bursary. Bursary funding is received from the EFA and subsequent payments are made to pupils subject to the completion of an application form. These are excluded from the statement of financial activities as the trust does not set the conditions for the award of grants to students. The funds received and any balances held are disclosed in note 27.

**1.16 VAT accounting**

The Finance Act 2011 put in place a special scheme whereby Academies are able to reclaim input VAT on their non-business activities directly from HMRC. The King David High School Academy has used this scheme during the period to 31 August 2016. Expenditure is accounted for net of input VAT in the year.

**1.17 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

**Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Tangible fixed assets**

The Freehold Property held on the Balance Sheet by King David High School Academy is owned by the King David Schools (Manchester) Trust. The trustees of the King David Schools (Manchester) Trust have granted the Academy the right to use the land and buildings for educational purposes. Whilst the legal title to the land and buildings does not sit with the Academy, given that the Academy trust will be operating from the building as a going concern without incurring an expense for the use of the property, the Academy is deemed to benefit economically from the use of the property. In line with FRS 102 and the EFA's Accounts direction it has been included as an asset on the Balance Sheet of the Academy.

The value of the Academy's share of the buildings that were recognised at conversion was included as the cost in line with a valuation report prepared at that time.

**THE KING DAVID HIGH SCHOOL**  
(A company limited by guarantee)

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

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	150,000	639	37,180	187,819	815
Capital grants	-	-	468,415	468,415	553,703
CST funding	-	158,930	-	158,930	156,903
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	150,000	159,569	505,595	815,164	711,421
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £711,421 was to restricted funds



**THE KING DAVID HIGH SCHOOL**  
(A company limited by guarantee)

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

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	4,183,267	4,183,267	4,393,170
	-	4,183,267	4,183,267	4,393,170
<b>Other government grants</b>				
Pupil premium	-	39,036	39,036	39,270
Music grant	-	5,054	5,054	5,438
Big Lottery funding	-	-	-	9,981
Other grants	-	3,029	3,029	2,044
SEN income	-	-	-	24,675
	-	47,119	47,119	81,408
<b>Other funding</b>				
School trip income	131,683	-	131,683	129,102
School uniform income	1,589	-	1,589	618
Exam resits	-	11,471	11,471	7,983
Other school income	44,020	40,021	84,041	103,940
NQT's training income	-	-	-	9,690
	177,292	51,492	228,784	251,333
	177,292	4,281,878	4,459,170	4,725,911

In 2015, of the total income from charitable activities, £62,995 was to unrestricted funds and £4,662,916 was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	4,533	-	4,533	2,844

In 2015, of the total investment income, £2,844 was to unrestricted funds and £ NIL was to restricted funds.

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**5. DIRECT COSTS**

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Educational supplies	330,547	369,403
Examination fees	97,729	83,135
Staff development	5,973	11,170
Wages and salaries	2,870,256	2,827,235
National insurance	258,010	226,803
Pension cost	494,866	417,055
	<u>4,057,381</u>	<u>3,934,801</u>

**6. SUPPORT COSTS**

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Governance costs	8,390	11,800
Maintenance of premises and equipment	42,086	28,544
Cleaning	115,169	107,976
Light and heat	91,062	113,654
Rent and rates	36,584	29,847
Insurance	42,241	11,582
Security and transport	183,176	191,595
Catering	54,380	24,597
Recharge of expenses	678	-
Legal and professional	154,454	142,185
Bank interest and charges	14,361	15,395
Wages and salaries	266,368	280,045
Depreciation	520,761	518,065
	<u>1,529,710</u>	<u>1,475,285</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:

£10,680 (2015 - £8,650) included within the table above in respect of Auditors remuneration.

£NIL (2015 - £5,300) included within the table above in respect of Responsible Officer .

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**7. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Activities:					
Direct costs	3,623,132	-	434,249	4,057,381	3,919,801
Support costs	266,368	805,662	457,680	1,529,710	1,475,285
	<u>3,889,500</u>	<u>805,662</u>	<u>891,929</u>	<u>5,587,091</u>	<u>5,395,086</u>

In 2016, of the total expenditure, £10,680 (2015 - £110,574) was to unrestricted funds and £NIL (2015 - £5,284,512) was to restricted funds.

**8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES**

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Ex-gratia payments	4,500	-	-

Three ex-gratia payments have been made for services provided by employees to the academy outside of contractual obligations. These payments were £1,200, £1,300 and £2,000.

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency.

**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	520,761	518,065
Auditor's remuneration	10,760	8,650
Operating leases	<u>14,955</u>	<u>12,544</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. AUDITORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to the academy's auditor for the audit of the academy's annual accounts	<b>7,700</b>	<b>6,500</b>
Fees payable to the academy's auditor in respect of:		
Accounts preparation	<b>690</b>	<b>750</b>
Teachers' pension audit	<b>690</b>	<b>650</b>
Annual accounts return review	<b>750</b>	<b>750</b>
16-19 bursary review	<b>850</b>	<b>-</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,102,434	3,064,662
Social security costs	258,010	226,803
Operating costs of defined benefit pension schemes	494,866	417,055
	<u>3,855,310</u>	<u>3,708,520</u>
Supply teacher costs	34,190	42,618
	<u>3,889,500</u>	<u>3,751,138</u>

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

	2016 No.	2015 No.
Teachers	81	78
Educational support	11	11
Clerical and administration	6	7
Premises	3	3
Management	2	3
LA/SLA	8	8
	<u>111</u>	<u>110</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

The employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 pension contributions for this staff member amounted to £11,479 (2015: £9,724).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £174,175 (2015: £169,778).

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**12. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2016 £	2015 £
Head Teacher	Remuneration	65,000-70,000	65,000-70,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Head of Science	Remuneration	50,000-55,000	50,000-55,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Administrative Officer	Remuneration	25,000-30,000	25,000-30,000
	Pension contributions paid	0-5,000	0-5,000

During the year, no (2015: 1) Trustees received any reimbursement of expenses (2015 - £16,300).

**13. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,400 (2015 - £2,400).

**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Assets under construction £
<b>Cost</b>					
At 1 September 2015	20,596,161	-	255,732	300,000	-
Additions	-	37,180	-	-	1,054,457
At 31 August 2016	20,596,161	37,180	255,732	300,000	1,054,457
<b>Depreciation</b>					
At 1 September 2015	2,373,696	-	186,618	242,308	-
Charge for the year	411,923	-	51,146	57,692	-
At 31 August 2016	2,785,619	-	237,764	300,000	-
<b>Net book value</b>					
At 31 August 2016	17,810,542	37,180	17,968	-	1,054,457

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**14. TANGIBLE FIXED ASSETS (continued)**

<i>At 31 August 2015</i>	<u>18,222,465</u>	<u>-</u>	<u>69,114</u>	<u>57,692</u>	<u>-</u>
					<b>Total £</b>
<b>Cost</b>					
At 1 September 2015					21,151,893
Additions					1,091,637
At 31 August 2016					<u>22,243,530</u>
<b>Depreciation</b>					
At 1 September 2015					2,802,622
Charge for the year					520,761
At 31 August 2016					<u>3,323,383</u>
<b>Net book value</b>					
At 31 August 2016					<u>18,920,147</u>
<i>At 31 August 2015</i>					<u>18,349,271</u>

**15. DEBTORS**

	2016 £	2015 £
Trade debtors	-	14,778
Prepayments and accrued income	29,185	80,836
Tax recoverable	4,544	10,915
	<u>33,729</u>	<u>106,529</u>

**16. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Loan from Manchester City Council	50,701	52,504
Trade creditors	11,842	9,569
Other creditors	32,891	28,837
Accruals and deferred income	260,334	30,173
	<u>355,768</u>	<u>121,083</u>

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**17. CREDITORS:**

Amounts falling due after more than one year

	2016 £	2015 £
Loan from Manchester City Council	226,270	276,971
	<u>226,270</u>	<u>276,971</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable by instalments	1	60,295
	<u>1</u>	<u>60,295</u>

The loan with Manchester City Council is repayable in monthly instalments and attracts interest at 4.34%.

**18. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
Financial assets measured at amortised cost	27,396	80,524
	<u>27,396</u>	<u>80,524</u>
Financial liabilities measured at amortised cost	577,077	398,054
	<u>577,077</u>	<u>398,054</u>

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise loan from Manchester City Council, trade creditors, other creditors and accruals.



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**19. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds	2,045	331,825	(333,870)	-	-	-
<b>Restricted funds</b>						
General Annual Grant (GAG)	130,157	4,181,267	(4,411,150)	(147,007)	-	(246,733)
Other government donations	7,000	-	(7,000)	-	-	-
Big Lottery income	9,981	-	-	-	-	9,981
Pupil premium	-	39,036	(39,036)	-	-	-
Other school income	-	40,021	(40,021)	-	-	-
Music grant	-	5,054	(5,054)	-	-	-
Exam resits	-	11,471	(11,471)	-	-	-
Donations	-	639	(639)	-	-	-
CST funding	-	158,930	(158,930)	-	-	-
Y7 Catch Up	-	2,000	(2,000)	-	-	-
Other grants	-	3,029	(3,029)	-	-	-
Pension reserve	(352,000)	-	(46,000)	-	(357,000)	(755,000)
	(204,862)	4,441,447	(4,724,330)	(147,007)	(357,000)	(991,752)
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	697,356	468,415	(8,130)	-	-	1,157,641
Capital expenditure from GAG	126,806	-	(108,838)	147,007	-	164,975
Transfer of buildings	17,972,274	-	(411,923)	-	-	17,560,351
Donations	-	37,180	-	-	-	37,180
	18,796,436	505,595	(528,891)	147,007	-	18,920,147
Total restricted funds	18,591,574	4,947,042	(5,253,221)	-	(357,000)	17,928,395
Total of funds	18,593,619	5,278,867	(5,587,091)	-	(357,000)	17,928,395

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

Restricted fixed asset funds have been reclassified to correctly reflect the brought forward funds as capital expenditure from GAG.

Restricted General Funds are used specifically to provide educational resources for the pupils of the

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**19. STATEMENT OF FUNDS (continued)**

Academy.

Restricted Fixed Asset Funds provide for the installation, maintenance and repair of the Fixed Assets of the Academy.

Unrestricted Funds are those other Resources which may be used to further the objectives of the Academy.

Transfers between restricted general and restricted fixed asset funds have occurred for capital purchases which have arisen from GAG expenditure.

The deficit on the pension reserve will be eliminated based on future contributions as advised by the schemes actuary. That on general funds will be eliminated by control of future expenditure and if necessary from unrestricted funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

The academy is carrying a net deficit of £236,750 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

Cuts to academy funding by the government and local educational authority (effectively a reduction of over £1 million per year).

The academy is taking the following action to return these funds to surplus:

The academy is attempting to derive income from alternative sources. It has benefitted from some extremely generous donors and from parents who contribute to the school's charity (the Foundation). Considerable focus and investment is placed on maintaining and managing key relationships with the EFA. The Governors, in conjunction with the Foundation Trustees, are considering a number of fundraising opportunities to recover the deficits going forward. In addition, the governors will review the cost base in the medium term.

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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	18,920,147	18,920,147	18,349,271
Current assets	-	345,286	-	345,286	994,402
Creditors due within one year	-	(355,768)	-	(355,768)	(121,083)
Creditors due in more than one year	-	(226,270)	-	(226,270)	(276,971)
Provisions for liabilities and charges	-	(755,000)	-	(755,000)	(352,000)
	-	(991,752)	18,920,147	17,928,395	18,593,619

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(308,224)	30,090
<b>Adjustment for:</b>		
Depreciation charges	520,761	518,065
Decrease in debtors	72,800	34,161
Increase/(decrease) in creditors	236,488	(96,868)
Capital grants from DfE and other capital income	(505,595)	(553,703)
Defined benefit pension scheme cost less contributions payable	32,000	43,000
Defined benefit pension scheme finance cost	14,000	12,000
<b>Net cash provided by/(used in) operating activities</b>	<b>62,230</b>	<b>(13,255)</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	311,557	887,873
<b>Total</b>	<b>311,557</b>	<b>887,873</b>

**23. PENSION COMMITMENTS**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. PENSION COMMITMENTS (continued)**

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £435,880 (2015 - £417,055).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

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**23. PENSION COMMITMENTS (continued)**

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £99,000 (2015 - £104,000), of which employer's contributions totalled £75,000 (2015 - £78,000) and employees' contributions totalled £24,000 (2015 - £26,000). The agreed contribution rates for future years are 19.1% for employers and 5.5-6.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.40 %	3.90 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	2.10 %	2.70 %
Commutation of pensions to lump sums	55.00 %	55.00 %

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

	2016	2015
Retiring today		
Males	21.4	21.4
Females	24	24
Retiring in 20 years		
Males	24	24
Females	26.6	26.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	854,640	646,000
Debt instruments	201,790	162,000
Property	71,220	54,000
Cash	59,350	36,000
Total market value of assets	<u>1,187,000</u>	<u>898,000</u>

The actual return on scheme assets was £190,000 (2015 - £19,000).

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**23. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Current service cost (net of employee contributions)	107,000	121,000
Net interest cost	14,000	12,000
Total	<u>121,000</u>	<u>133,000</u>
Actual return on scheme assets	<u>190,000</u>	<u>19,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	1,250,000	1,080,000
Interest cost	50,000	43,000
Contributions by employees	24,000	26,000
Actuarial losses/(gains)	511,000	(20,000)
Current service cost	107,000	121,000
Closing defined benefit obligation	<u>1,942,000</u>	<u>1,250,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	898,000	775,000
Interest income	36,000	31,000
Return on plan assets	154,000	(12,000)
Contributions by employees	24,000	26,000
Employer contributions	75,000	78,000
Closing fair value of scheme assets	<u>1,187,000</u>	<u>898,000</u>

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**24. OPERATING LEASE COMMITMENTS**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	14,932	14,955
Between 1 and 5 years	22,402	12,140
After more than 5 years	4,813	210
<b>Total</b>	<u><u>42,147</u></u>	<u><u>27,305</u></u>

**25. MEMBERS' LIABILITY**

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

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**26. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The following transactions have taken place between King David High School and the following organisations in which a member of the governing body has a non-pecuniary interest.

King David Schools (Manchester), is an unincorporated charity whose Trustee Company, KDS Trustees Limited, the King David Primary School and the King David High School have a number of common Trustees/Directors.

King David Schools (Manchester) owns, via its legal title the land and buildings in which the schools currently occupy and allows the schools to operate from the site under a formal 'License to occupy'.

In the latest accounts to 31 August 2015 the King David Schools (Manchester) had the following:

Total net assets (including the Land & Buildings also recognised in the Balance Sheets of the Academies which occupy the site):	£24,236,174
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Deficit for the year:	£639,226
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During the period, the King David High School recharged 33% of utility costs to King David Primary School, an Academy with which the High School has common governors. These recharges were made on an arm's length basis to the amount of £71,827 (2015: £88,096). In addition, £34,305 (2015: £20,958) was recharged to the Primary School for the swimming pool, IT and for repairs. The balance at the year end was £18,381 (2015: £14,778).

During the period, the High School was recharged cleaning and caretaking costs to the value of £106,615 (2015: £97,964) by King David Schools, a charity with which the school has common trustees. In addition the charity recharges catering costs amounting to £36,310 (2015: £25,197), travel costs of £1,195 (2015: £nil), decorating and repair costs of £5,342 (2015: £5,304) and other expenses of £1,238 (2015: £nil). The High School recharged the charity £4,288 (2015: £1,300) in the year. The balance due to the charity at the year end was £18,008 (2015: £9,569).

During the year, King David Schools (Manchester) paid staff wages amounting to £254,583 (2015: £436,556) for work performed in meeting the objectives of the Academy. The staff costs were mainly relating to religious education and SEN teaching.

They also had transactions with Manchester City Council, of which Councillor Hackett is a member. Payroll, insurance, health and safety and other support services were provided on an arm's length basis to the amount of £55,474 (2015: £31,259). The balance outstanding at the year end was £nil (2015: £Nil).



**THE KING DAVID HIGH SCHOOL**  
(A company limited by guarantee)

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

**27. AGENCY ARRANGEMENTS**

The academy trust distributes bursaries to sixth form students on behalf of the EFA. All amounts held as at 31 August 2016 are recorded within other creditors.

In the year to 31 August 2016, funding received from the EFA was £6,139 and the amount of bursaries paid was £4,930, resulting in a balance held at 31 August 2016 of £4,961 (2015: £3,752).

**28. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 September 2014</b>	<b>31 August 2015</b>
		£	£
Total funds under previous UK GAAP		18,555,529	18,593,619
Total funds reported under FRS 102		<u>18,555,529</u>	<u>18,593,619</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	<b>31 August 2015</b>
		£
Net income previously reported under UK GAAP		45,090
Change in recognition of LGPS interest cost	A	(15,000)
Net movement in funds reported under FRS 102		<u>30,090</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to turn a credit of £3,000 to a debit of £12,000. These are calculated as being the difference between the sum of the Expected Return on Net Assets of £46,000 less Interest on Pension Liabilities £43,000 equating to a credit of £3,000 as previously reported compared to the Interest Income on plan assets of £31,000 less interest cost on the pension obligation of £43,000 equating to a debit of £12,000. The amounts recognised in 'other gains and losses' in the SOFA have also been amended by an equivalent amount resulting in no net change to the Movement in Funds and the Balance Sheet.