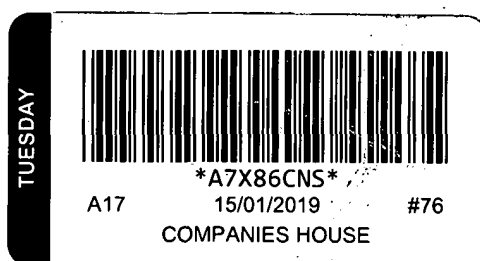


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**THE KING DAVID HIGH SCHOOL**  
**(A company limited by guarantee)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**



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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**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

Mr J Rowe  
Mr J Dover  
Mr A Berkeley  
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 (resigned 31 July 2017)  
Cllr M Hackett (deceased 31 December 2017)  
Mr D Landes  
Miss C Downes  
Mr B Levy, Head Teacher  
Mr C Glaskie  
Mr A Berkeley, Treasurer  
Mrs S Rosenberg  
Mr D Lopian (appointed 1 December 2017)

**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

**Senior management team**

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

**Independent auditor**

Crowe U.K. LLP, 3rd floor, The Lexicon, Mount Street, Manchester, M2 5NT

**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**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 2017 to 31 August 2018. 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 had a roll of 814 in the school census in October 2017.

The trust operates an admission policy in order to fulfil its objectives as per the "Objectives and Aims" listed below.

Full details of the admission policy can be found at <http://www.kdhs.org.uk/applications.html>.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**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 year 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. 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.

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

Foundation governors are appointed by The King David Schools (Manchester) Charitable 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.

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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 2018**

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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.

**e. 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.

**f. ORGANISATIONAL STRUCTURE**

The structure consists of a number of levels, Trustee of King David Schools (Manchester), Members, 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) Charitable Trust, KDS Trustees Limited, is responsible for the overall direction, religious content and appointing the foundation governors of The King David High School, who must always be the majority of the governors. The King David Schools (Manchester) Charitable Trust is controlled by the Directors of the trustee company (KDS Trustees Limited) whose directors are Joshua Rowe (Chair), Stephen Elias and Andrew Berkeley. The King David High School Articles of Association may not be amended without the agreement of The King David Schools (Manchester) Charitable Trust and KDS Trustees Limited.

The Members of the The King David High School are governors. They are the subscribers to The King David High School's memorandum of association. Members have an overview of the governance arrangements of The King David High School. 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 (often referred to as trustees of the Academy) of The King David High School 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 Leadership Team is made up of the Headteacher, supported by one Assistant Head. These leaders control The King David High School executive level implementing the policies laid down by the Governors and are accountable to them for the performance of the school.

The governors have various sub-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 Governors annually. The terms of reference for the Finance Committee detail the School's authorised spending limits.

The committees of the Governing Body are:

- Staff Disciplinary
- Staff Disciplinary Appeals
- Pupil Disciplinary
- Buildings & Facilities

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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 2018**

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Parent & General Complaints  
Sixth Form  
Staffing  
Finance and Audit  
Ofsted Monitoring  
Recruitment & Admissions  
SEN/Pupil Premium  
Safeguarding  
Gifted & Talented  
Pay and Remuneration  
Jewish Studies  
Staff Appraisal  
Achievement, Assessment & Tracking

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

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

**h. TRADE UNION FACILITY TIME**

**Relevant union officials**

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The Trustees of King David Schools (Manchester) Trust (the 'charity/foundation') are responsible for the overall

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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 2018**

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direction of the school and its religious content and appoint the foundation governors. The Trustees are the sponsors of the schools and own the buildings in which they are housed.

Three Trustees of the Charity/Foundation are also the Governors of the school.

**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 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 2018 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.

**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**

In setting our objectives and planning our activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

**Achievements and performance**

**a. KEY 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 ESFA of

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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- The annual accounts return;
- The financial plan for the period 2015 to 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:

- Budgets
- Income and expenditure

Other key non-financial performance information includes:

- Attainment - Students attainment improved at the Academy in the period of the accounts. At GCSE, the proportion of students achieving 5 GCSE's at A\* C including Maths and English was 92.06%. 91.98% of all grades achieved were A\*-C. 53.5% of all grades achieved were A\* + A. 25.94% of all grades achieved were A\*.  
  
At A-level the pass rate was 99.37%. 71.16% of all grades achieved were A\*-B.
- 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 93.6%. Our target is to be better than the national average for attendance.

## **b. 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.

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

- A restricted GAG fund deficit of £235,336 (see note 19)
- A pension fund deficit of £506,000 (see note 23)

The trustees of King David Schools (Manchester) have confirmed their continued support of the Academy.

To mitigate the impact of the reduction of funding from ESFA upon which the academy is heavily reliant, the academy is attempting to derive income from alternative sources. Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA.

The Academy has benefitted from some extremely generous donors and from parents who contribute to the school's charity, King David Schools (Manchester). The Governors have received a letter of intended support from the Trustees of the school's charity indicating their intention to continue to cover any deficits.

The Governors, in conjunction with the Charity 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.

As a result of the above and their forecasts, the Governors have a reasonable expectation that the Academy will have adequate resources to continue for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**c. FINANCIAL REVIEW**

The main sources of income are from ESFA (GAG) and from Manchester City Council for Block Funding.

During the current year the Academy has had a total income of £4,833,359, (excluding the rental donation and capital grants) of which £3,866,536 was from ESFA (GAG) and total expenditure of £4,925,102 (excluding depreciation, rental expense and LGPS pension adjustments). As at 31 August 2018 reserves excluding restricted fixed asset fund and pension fund were £473,919 in comparison to £635,115 as reported in the 2017 financial statements.

**a. RESERVES POLICY**

The academy has a target level of reserves set to be just below £1 million of restricted income which equates to 3 months expenditure by the Academy. The academy does not have any free reserves as noted in the going concern section above.

**b. 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 is reliant on continued Government funding through the ESFA. Over the past 6 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 2017/2018, the government funded less than 70% 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:

- Tight controls on expenditure with cuts (which do not affect education) wherever possible;
- Funding is derived from the charity/foundation who raise money to cover the school deficits;

**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 2018 the deficit amounted to £506,000.

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.

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**THE KING DAVID HIGH SCHOOL**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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During the period, the Academy made contributions of £78,000. 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.

**Fundraising**

The academy had no fundraising activities requiring disclosure under the provision of the Charities (Protection and Social Investment) Act 2016.

**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**

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Governors' report was approved by order of the board of governors, as the company directors, on **10 DEC 2018** 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 Chair, Headteacher, as Accounting Officer and the Financial Administrator, 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	0	3
Mr N Handler	3	3
Mr A Pliener	0	3
Cllr M Hackett	0	0
Mr D Landes	2	3
Miss C Downes	0	3
Mr B Levy, Head Teacher	3	3
Mr C Glaskie	1	3
Mr A Berkeley, Treasurer	3	3
Mrs S Rosenberg	1	3
Mr D Lopian	3	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	3	3

**REVIEW OF VALUE FOR MONEY**

The Governors (through the Chair, Treasurer, Accounting Officer and the Financial Administrator) have responsibility for ensuring that the academy delivers good value in the use of public resources.

The Governors consider how the academy's use of its resources has provided good value for money during each academic year.

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

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The Governors for the academy has 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)

**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 2017 to 31 August 2018 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 2017 to 31 August 2018 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 has considered the need for a specific internal audit function and has decided to appoint One Education 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. In particular the checks carried out in the current period included:

- Review of bank accounts and reconciliations
- Purchase ledger ordering and invoice entry

On an annual basis, the auditor reports to the board of governors through the finance committee on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

As Governors, the Headteacher has responsibility for reviewing the effectiveness of the system of internal

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

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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 Governors 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 **10 DEC 2018** and signed on their behalf, by:



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



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

10 DEC 2018

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

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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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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

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

**10 DEC 2018**

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**THE KING DAVID HIGH SCHOOL**  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of governors on **10 DEC 2018** 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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**OPINION**

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and,



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

We have nothing to report in this regard.

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

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

- the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report has been prepared in accordance with applicable legal requirements.

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

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

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

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

**RESPONSIBILITIES OF TRUSTEES**

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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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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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**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**USE OF OUR REPORT**

This report is made solely to the academy'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 academy'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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Jayson (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester

M2 5NT

Date: 17/12/18

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

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE KING  
DAVID HIGH SCHOOL AND THE EDUCATION & SKILLS 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 & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The King David High School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The King David High School and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The King David High School and the ESFA, 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 ACCOUNTANT**

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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Crowe U.K. LLP*

**Crowe U.K. LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: 17/12/18

**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 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	159,444	1,013,783	2,271,186	3,444,413	1,917,753
Charitable activities	3	125,576	4,243,756	-	4,369,332	4,566,186
Investments	4	55	-	-	55	1,119
<b>TOTAL INCOME</b>		<b>285,075</b>	<b>5,257,539</b>	<b>2,271,186</b>	<b>7,813,800</b>	<b>6,485,058</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		284,677	5,451,382	37,935	5,773,994	5,710,904
<b>TOTAL EXPENDITURE</b>	7	<b>284,677</b>	<b>5,451,382</b>	<b>37,935</b>	<b>5,773,994</b>	<b>5,710,904</b>
<b>NET BEFORE TRANSFERS</b>		<b>398</b>	<b>(193,843)</b>	<b>2,233,251</b>	<b>2,039,806</b>	<b>774,154</b>
Transfers between Funds	19	(76,453)	(13,298)	89,751	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(76,055)</b>	<b>(207,141)</b>	<b>2,323,002</b>	<b>2,039,806</b>	<b>774,154</b>
Actuarial gains on defined benefit pension schemes	23	-	217,000	-	217,000	262,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(76,055)</b>	<b>9,859</b>	<b>2,323,002</b>	<b>2,256,806</b>	<b>1,036,154</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		76,055	(41,940)	1,343,855	1,377,970	341,816
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>(32,081)</b>	<b>3,666,857</b>	<b>3,634,776</b>	<b>1,377,970</b>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	As restated 2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		1,414,313		1,406,377
<b>CURRENT ASSETS</b>					
Debtors	14	2,180,195		781,035	
Cash at bank and in hand		868,585		366,437	
			<u>3,048,780</u>	<u>1,147,472</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(210,715)		(401,556)	
<b>NET CURRENT ASSETS</b>			<u>2,838,065</u>		<u>745,916</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,252,378</u>		<u>2,152,293</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16		(111,602)		(173,323)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>4,140,776</u>		<u>1,978,970</u>
Defined benefit pension scheme liability	23		(506,000)		(601,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>3,634,776</u></u>		<u><u>1,377,970</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	19	473,919		559,060	
Restricted fixed asset funds	19	3,666,857		1,343,855	
			<u>4,140,776</u>	<u>1,902,915</u>	
Restricted income funds excluding pension liability			(506,000)	(601,000)	
Pension reserve					
Total restricted income funds			<u>3,634,776</u>		<u>1,301,915</u>
Unrestricted income funds	19		-		76,055
<b>TOTAL FUNDS</b>			<u><u>3,634,776</u></u>		<u><u>1,377,970</u></u>

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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 2018**

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The financial statements on pages 19 to 47 were approved by the Governors, and authorised for issue, on and are signed on their behalf, by:

**10 DEC 2018**



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

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	<i>As restated</i> 2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	21	(1,674,803)	144,492
Capital grants from DfE/ESFA and other capital income		2,271,186	64,306
Purchase of tangible fixed assets		(43,534)	(103,217)
<b>Net cash provided by/(used in) investing activities</b>		2,227,652	(38,911)
Repayment of loans		(50,701)	(50,701)
<b>Net cash used in financing activities</b>		(50,701)	(50,701)
<b>Change in cash and cash equivalents in the year</b>		502,148	54,880
Cash and cash equivalents brought forward		366,437	311,557
<b>Cash and cash equivalents carried forward</b>	22	868,585	366,437



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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 2018**

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**1. ACCOUNTING POLICIES**

**GENERAL INFORMATION**

The King David High School is a private limited company by guarantee without share capital, registered in England (No. 07716057).

The address of the registered office is Eaton Road, Crumpsall, Manchester.

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**1.2 Fund accounting**

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

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

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

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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 2018**

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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 the 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 the 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 the Income and Expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

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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 2018**

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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 ESFA upon which the academy is heavily reliant, the academy is attempting to derive income from alternative sources. Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA.

The Academy has benefitted from some extremely generous donors and from parents who contribute to the school's charity, King David Schools (Manchester). The Governors have received a letter of intended support from the Trustees of the school's charity indicating their intention to continue to cover any deficits.

The Governors, in conjunction with the Charity 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.

As a result of the above and their forecasts, the Governors have a reasonable expectation that the Academy will have adequate resources to continue for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**1.6 Tangible fixed assets and depreciatio**

All assets costing more than £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

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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 2018**

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**1. ACCOUNTING POLICIES (continued)**

Freehold property	-	50 years
S/Term Leasehold Property	-	5 years
Furniture and fixtures	-	5 years
Assets under the Course of Construction	-	Not depreciated

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 the Income and Expenditure account.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities incorporating the Income and Expenditure account on a straight line basis over the lease term.

**1.8 Debtors**

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

**1.9 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.

**1.10 Liabilities and provisions**

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

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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 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Financial instruments**

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

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

**1.12 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.

**1.13 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 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.

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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 2018**

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**1. ACCOUNTING POLICIES (continued)**

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 the Income and Expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.14 Agency arrangements**

The academy trust acts as an agent in distributing funds for the ESFA to sixth form students in the form of the 16-19 Bursary. Bursary funding is received from the ESFA 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.

**1.15 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 2018. Expenditure is accounted for net of input VAT in the year.

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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 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.16 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

**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 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Tangible fixed assets**

The Freehold Property used by The King David High School 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 under a license to occupy. Therefore the building has not been recognised in these accounts in line with the Academies Accounts Direction 17/18.

The donation of £709,255 is the amount of rent provided free of charge from King David Schools (Manchester). The figure recognised has a matching expense in support costs and has been calculated using a commercial rate of rent of £11 per sq ft applied to the area of the school owned by the King David Schools (Manchester) but occupied by the academy. The donation and rental expense represents the estimated market value of the benefit enjoyed by the school from its use of the premises. Debtors include £709,255 which represents the prepaid expenditure for the two year notice period included with the lease from King David Schools (Manchester) to the Academy.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Donations	159,444	989,255	-	1,148,699	1,692,752
Capital grants	-	-	2,271,186	2,271,186	64,306
CST funding	-	24,528	-	24,528	160,695
	<u>159,444</u>	<u>1,013,783</u>	<u>2,271,186</u>	<u>3,444,413</u>	<u>1,917,753</u>
<i>Total 2017</i>	<u>308,000</u>	<u>1,545,447</u>	<u>64,306</u>	<u>1,917,753</u>	

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	3,866,536	3,866,536	4,173,579
	<u>-</u>	<u>3,866,536</u>	<u>3,866,536</u>	<u>4,173,579</u>
<b>Other government grants</b>				
Pupil premium	-	44,257	44,257	47,741
Music grant	-	-	-	4,274
Other grants	-	18,535	18,535	6,194
	<u>-</u>	<u>62,792</u>	<u>62,792</u>	<u>58,209</u>
<b>Other funding</b>				
School trip income	125,576	101,193	226,769	144,546
School uniform income	-	2,115	2,115	3,802
Exam resits	-	9,012	9,012	13,674
Other school income	-	202,108	202,108	172,376
	<u>125,576</u>	<u>314,428</u>	<u>440,004</u>	<u>334,398</u>
	<u>125,576</u>	<u>4,243,756</u>	<u>4,369,332</u>	<u>4,566,186</u>
<i>Total 2017</i>	<u>214,284</u>	<u>4,351,902</u>	<u>4,566,186</u>	



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**4. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	55	-	55	1,119
<i>Total 2017</i>	<i>1,119</i>	<i>-</i>	<i>1,119</i>	

**5. DIRECT COSTS**

	Total 2018 £	Restated Total 2017 £
Educational supplies	293,740	312,793
Examination fees	82,917	77,474
Staff development	5,831	7,489
Wages and salaries	2,612,351	2,689,609
National insurance	257,624	288,933
Pension cost	459,828	489,992
	<b>3,712,291</b>	<b>3,866,290</b>
<i>Total 2017</i>	<i>3,866,290</i>	

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**6. SUPPORT COSTS**

	<b>Total 2018 £</b>	<i>As restated Total 2017 £</i>
Governance costs	8,200	10,415
Maintenance of premises and equipment	47,963	71,470
Cleaning	135,918	125,700
Light and heat	107,086	73,664
Rent and rates	728,140	747,319
Insurance	15,218	15,465
Security and transport	191,411	182,328
Recharge of expenses	308,374	132,285
Legal and professional	145,296	138,784
Bank interest and charges	8,775	11,020
Wages and salaries	327,387	305,756
Depreciation	37,935	30,408
	<u>2,061,703</u>	<u>1,844,614</u>
<i>Total 2017</i>	<u>1,844,614</u>	

During the year ended 31 August 2018, the academy incurred the following Governance costs:  
£8,200 (2017 - £10,860) included within the table above in respect of Auditors remuneration.

**7. EXPENDITURE**

	<b>Staff costs 2018 £</b>	<b>Premises 2018 £</b>	<b>Other costs 2018 £</b>	<b>Total 2018 £</b>	<i>Restated Total 2017 £</i>
Activities:					
Direct costs	3,329,803	-	382,488	3,712,291	3,866,290
Support costs	327,387	818,534	915,782	2,061,703	1,844,614
	<u>3,657,190</u>	<u>818,534</u>	<u>1,298,270</u>	<u>5,773,994</u>	<u>5,710,904</u>
<i>Total 2017</i>	<u>3,774,290</u>	<u>788,107</u>	<u>1,148,507</u>	<u>5,710,904</u>	

The school occupies premises owned by the King David Schools (Manchester) under a license to occupy. The accounts include a donation and rental expense of £709,255 (2017: £688,597) relating to the estimated market value of the benefit enjoyed by the school from its use of the premises.

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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2018</b>	<i>As restated</i>
	<b>£</b>	<b>2017</b>
		<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>37,935</b>	30,408
Auditor's remuneration	<b>8,200</b>	10,860
	<u><b>          </b></u>	<u><b>          </b></u>

**9. AUDITORS' REMUNERATION**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fees payable to the academy's auditor for the audit of the academy's annual accounts	<b>5,725</b>	7,880
Fees payable to the academy's auditor in respect of:		
Accounts preparation	<b>850</b>	690
Teachers' pension audit	<b>750</b>	690
Annual accounts return review	<b>875</b>	750
16-19 bursary review	<b>-</b>	850
	<u><b>          </b></u>	<u><b>          </b></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,936,348	2,962,413
Social security costs	257,624	288,933
Operating costs of defined benefit pension schemes	459,828	489,992
	<u>3,653,800</u>	<u>3,741,338</u>
Agency staff costs	3,390	32,952
	<u><u>3,657,190</u></u>	<u><u>3,774,290</u></u>

**b. Staff numbers**

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

	2018 No.	2017 No.
Teachers	78	78
Educational support	12	11
Clerical and administration	6	6
Premises	2	3
Management	2	2
LA/SLA	5	8
	<u>105</u>	<u>108</u>

**c. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0

The employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for these staff members amounted to £21,014 (2017: £11,593).

**d. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £128,356 (2017: £146,063).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**11. 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:

		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Head Teacher	Remuneration	<b>70,000-75,000</b>	<i>70,000-75,000</i>
	Pension contributions paid	<b>10,000-15,000</b>	<i>10,000-15,000</i>
Head of Science	Remuneration		<i>55,000-60,000</i>
	Pension contributions paid		<i>5,000-10,000</i>
Administrative Officer	Remuneration	<b>25,000-30,000</b>	<i>25,000-30,000</i>
	Pension contributions paid	<b>5,000-10,000</b>	<i>0-5,000</i>

During the year, no (2017: 0) Trustees received any reimbursement of expenses.

**12. 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 2018 was £2,400 (2017 - £2,400).

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**13. TANGIBLE FIXED ASSETS**

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2017 (as previously stated)	21,753,835	555,732	300,000	37,180	22,646,747
Prior year adjustment	(20,345,970)	-	-	-	(20,345,970)
At 1 September 2017 (as restated)	1,407,865	555,732	300,000	37,180	2,300,777
Additions	45,871	-	-	-	45,871
At 31 August 2018	1,453,736	555,732	300,000	37,180	2,346,648
<b>Depreciation</b>					
At 1 September 2017 (as previously stated)	2,790,623	555,732	300,000	7,436	3,653,791
Prior year adjustment	(2,759,391)	-	-	-	(2,759,391)
At 1 September 2017 (as restated)	31,232	555,732	300,000	7,436	894,400
Charge for the year	30,499	-	-	7,436	37,935
At 31 August 2018	61,731	555,732	300,000	14,872	932,335
<b>Net book value</b>					
At 31 August 2018	1,392,005	-	-	22,308	1,414,313
At 31 August 2017 (as restated)	1,376,633	-	-	29,744	1,406,377

The school has changed its accounting policy in relation to the land and buildings it occupies that are owned by the King David Schools (Manchester). Previously the land and buildings had been capitalised based on a valuation and depreciated over their estimated useful economic life. Following a change in guidance from the ESFA the nature of the arrangement with King David Schools (Manchester) has been reassessed and the land and buildings that were previously capitalised have been removed. This change in accounting policy has resulted in a reduction in the tangible fixed assets and related restricted asset funds of £17,586,579 as at 31 August 2017.

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**14. DEBTORS**

	2018 £	As restated 2017 £
Amounts due from King David Primary School	10,760	50,487
Other debtors	536	-
Prepayments and accrued income	2,133,821	725,177
Tax recoverable	35,078	5,371
	<u>2,180,195</u>	<u>781,035</u>

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

	2018 £	2017 £
Bank loans and overdrafts	81,542	-
Loan from Manchester City Council	61,721	52,947
Trade creditors	309	-
Other creditors	11,944	301,321
Accruals and deferred income	55,199	47,288
	<u>210,715</u>	<u>401,556</u>

**16. CREDITORS: Amounts falling due after more than one year**

	2018 £	2017 £
Loan from Manchester City Council	<u>111,602</u>	<u>173,323</u>

**17. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
Financial assets measured at amortised cost	<u>906,544</u>	<u>450,722</u>
Financial liabilities measured at amortised cost	<u>323,168</u>	<u>574,879</u>

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

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

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**18. PRIOR YEAR ADJUSTMENT**

The school has changed its accounting policy in relation to the land and buildings it occupies that are owned by the King David Schools (Manchester). Previously the land and buildings had been capitalised based on an valuation and depreciated over their estimated useful economic life. Following a change in guidance from the ESFA the nature of the arrangement with King David Schools (Manchester) has been reassessed and the land and buildings that were previously capitalised have been removed. This is due to the Academy following the standard church model supplemental agreement. This change in accounting policy has resulted in a reduction in the tangible fixed assets and related restricted asset funds of £17,586,579 as at 31 August 2017.

In addition, in accordance with the new guidance, donations have increased in 2017 by £1,377,194 and rent expenditure has increased by £688,597, which represents the commitment and recognised donation income for the notice period included with the lease from King David Schools (Manchester) to the Academy. This has a net effect of increasing funds disclosed in comparison to those previously reported in previous accounting periods.

Reserves as previously reported	17,847,449
Prior year adjustment for buildings brought forward -	17,586,579
Removal of depreciation charge prior year	428,503
Prior year adjustment for rent donation	688,597
Restated reserves per SOFA	1,377,970



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**19. STATEMENT OF FUNDS**

	Balance at 1 September 2017 <i>As restated</i> £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds	76,055	285,075	(284,677)	(76,453)	-	-
<b>Restricted funds</b>						
General Annual Grant (GAG)	(139,878)	3,866,536	(3,948,696)	(13,298)	-	(235,336)
Big Lottery income	9,981	-	(9,981)	-	-	-
Pupil premium	-	44,257	(44,257)	-	-	-
Other school income	-	139,861	(139,861)	-	-	-
Donations - Rent in kind	688,957	709,255	(688,957)	-	-	709,255
CST funding	-	24,528	(24,528)	-	-	-
Other grants	-	473,102	(473,102)	-	-	-
Pension reserve	(601,000)	-	(122,000)	-	217,000	(506,000)
	(41,940)	5,257,539	(5,451,382)	(13,298)	217,000	(32,081)
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,122,229	18,642	-	-	-	1,140,871
Capital expenditure from GAG	184,446	-	(37,935)	89,751	-	236,262
Donations	37,180	-	-	-	-	37,180
Capital Maintenance Fund	-	2,252,544	-	-	-	2,252,544
	1,343,855	2,271,186	(37,935)	89,751	-	3,666,857
Total restricted funds	1,301,915	7,528,725	(5,489,317)	76,453	217,000	3,634,776
Total of funds	1,377,970	7,813,800	(5,773,994)	-	217,000	3,634,776

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

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

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 2018.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Restated Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 As restated £</i>
Unrestricted funds	-	523,403	(447,348)	-	-	76,055
<b>Restricted funds</b>						
General Annual Grant (GAG)	(246,733)	3,860,505	(3,753,650)	-	-	(139,878)
Rent in kind	-	1,377,914	(688,957)	-	-	688,957
Big Lottery income	9,981	-	-	-	-	9,981
Pupil premium	-	47,741	(47,741)	-	-	-
Other school income	-	57,433	(57,433)	-	-	-
Music grant	-	4,274	(4,274)	-	-	-
Exam resits	-	13,674	(13,674)	-	-	-
Donations	-	322,198	(322,198)	-	-	-
CST funding	-	204,195	(204,195)	-	-	-
Other grants	-	9,775	(9,775)	-	-	-
Pension reserve	(755,000)	-	(108,000)	-	262,000	(601,000)
	<u>(991,752)</u>	<u>5,897,709</u>	<u>(5,209,897)</u>	<u>-</u>	<u>262,000</u>	<u>(41,940)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,122,229	-	-	-	-	1,122,229
Capital expenditure from GAG	164,975	64,306	(44,835)	-	-	184,446
Transfer of buildings	437,327	-	(437,327)	-	-	-
Donations	37,180	-	-	-	-	37,180
	<u>1,761,711</u>	<u>64,306</u>	<u>(482,162)</u>	<u>-</u>	<u>-</u>	<u>1,343,855</u>
Total restricted funds	<u>769,959</u>	<u>5,962,015</u>	<u>(5,692,059)</u>	<u>-</u>	<u>262,000</u>	<u>1,301,915</u>
Total of funds	<u>769,959</u>	<u>6,485,418</u>	<u>(6,139,407)</u>	<u>-</u>	<u>262,000</u>	<u>1,377,970</u>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	1,414,313	1,414,313
Current assets	-	796,236	2,252,544	3,048,780
Creditors due within one year	-	(210,715)	-	(210,715)
Creditors due in more than one year	-	(111,602)	-	(111,602)
Provisions for liabilities and charges	-	(506,000)	-	(506,000)
	-	(32,081)	3,666,857	3,634,776

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Restated Total funds 2017 £
Tangible fixed assets	-	-	1,406,307	-
Current assets	76,055	1,071,417	-	2,553,849
Creditors due within one year	-	(339,034)	(62,452)	(401,556)
Creditors due in more than one year	-	(173,323)	-	(173,323)
Provisions for liabilities and charges	-	(601,000)	-	(601,000)
	76,055	(41,940)	1,343,855	1,377,970

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

	2018 £	Restated 2017 £
Net income for the year (as per Statement of Financial Activities)	2,039,806	774,154
<b>Adjustment for:</b>		
Depreciation charges	35,594	30,408
Increase in debtors	(1,401,291)	(747,306)
(Decrease)/increase in creditors	(199,726)	43,542
Capital grants from DfE and other capital income	(2,271,186)	(64,306)
Defined benefit pension scheme cost less contributions payable	106,000	91,000
Defined benefit pension scheme finance cost	16,000	17,000
<b>Net cash (used in)/provided by operating activities</b>	<b>(1,674,803)</b>	<b>144,492</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash at bank	<b>868,585</b>	<b>366,437</b>
Total	<b>868,585</b>	<b>366,437</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 Hymans Robertson LLP. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2018.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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**23. PENSION COMMITMENTS (continued)**

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £400,768 (2017 - £413,991).

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 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 2018 was £102,000 (2017 - £101,000), of which employer's contributions totalled £78,000 (2017 - £77,000) and employees' contributions totalled £24,000 (2017 - £24,000). The agreed contribution rates for future years are 19.1% for employers and 5.5 - 8.5% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.20 %	3.20 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %
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:

	2018	2017
Retiring today		
Males	21.5	21.5
Females	24.1	24.1
Retiring in 20 years		
Males	23.7	23.7
Females	26.2	26.2

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**23. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,213,800	1,167,270
Debt instruments	285,600	255,840
Property	124,950	95,940
Cash and other liquid assets	160,650	79,950
Total market value of assets	<u>1,785,000</u>	<u>1,599,000</u>

The actual return on scheme assets was £49,000 (2017 - £290,000).

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

	2018 £	2017 £
Opening defined benefit obligation	2,200,000	1,942,000
Interest cost	57,000	43,000
Employee contributions	24,000	24,000
Actuarial (gains)/losses	(168,000)	28,000
Benefits paid	(6,000)	(5,000)
Past service costs	17,000	16,000
Current service cost	167,000	152,000
Closing defined benefit obligation	<u>2,291,000</u>	<u>2,200,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,599,000	1,187,000
Interest income	41,000	26,000
Actuarial gains	49,000	290,000
Employee contributions	24,000	24,000
Benefits paid	(6,000)	(5,000)
Employer contributions	78,000	77,000
Closing fair value of scheme assets	<u>1,785,000</u>	<u>1,599,000</u>

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

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**24. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	<b>16,867</b>	16,867
Between 1 and 5 years	<b>29,764</b>	40,113
After more than 5 years	-	6,518
Total	<b>46,631</b>	63,498

The school is in the process of finalising an operating lease with the local council for the use of an area of land for car parking.

**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 AND CONNECTED PARTY TRANSACTIONS**

Owing to the nature of the academy trust 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 Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

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 2017 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) of £23,931,151 (2016: £24,486,965).

Deficit for the year was £442,877 (2016: £479,262).

During the year donations amounting to £330,000 were received from King David Schools (Manchester). These amounts were mainly used to fund religious education and SEN teaching. A donation for rent in kind was also received from King David Schools (Manchester) for £709,255 (2017: £1,377,914).

During the period, the High School was recharged cleaning and caretaking costs to the value of £114,081 (2017: £126,621) by King David Schools (Manchester), a charity with which the school has common trustees. In addition the charity recharges catering costs amounting to £Nil (2017: £23,866), decorating and repair costs of £6,955 (2017: £Nil), trip expenses of £Nil (2017: £4,778) and other expenses of £11,962 (2017: £13,188). The High School recharged the charity £Nil (2017: £7,755) in the year and received fundraising income of £Nil (2017: £43,822) and a donation of £138,000 (2017: £200,000). The balance due to the charity at the year end was £6,500 (2017: £10,482). Rent amounting to £709,255 (2017: £688,957) was charged to the academy by King David Schools (Manchester) in the period.

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 £89,451 (2017: £71,815). In addition, £Nil (2017: £29,470) was recharged to the Primary School for the swimming pool, IT and for repairs. The balance at the year end was £10,760 (2017: £50,487).

Payments of £268,320 (2017: £272,072) were made to King David Resources Limited (KDR Ltd), a company with which the academy has common directors/members, for utilisation of the staff of KDR Ltd for religious education and SEN teaching. This has been provided for at cost.

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 £32,372 (2017: £40,525). There was no balance outstanding at 31 August 2018 (2017:



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. RELATED AND CONNECTED PARTY TRANSACTIONS (continued)**

£nil).

**27. AGENCY ARRANGEMENTS**

The academy trust distributes bursaries to sixth form students on behalf of the ESFA. All amounts held as at 31 August 2018 are recorded within other creditors.

In the year to 31 August 2018, funding received from the ESFA was £9,968 (2017: £10,505) and the amount of bursaries paid was £3,852 (2017: £12,137), resulting in a balance held at 31 August 2018 of £9,445 (2017: £3,329).