

George Dixon Academy

Trustees' Report and Financial Statements

For the year ended 31 August 2018

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ACADEMY

George Dixon Academy
(A company limited by guarantee)

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George Dixon Academy
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Reference and Administrative Details
For the year ended 31 August 2018

Members	Sir R Dowling Mr B Kicks Professor K George MBE
Trustees	Sir R Dowling, Chair ¹ Mr B Kicks, Vice Chair of Trustees ¹ Professor K George MBE, Chair of Finance & Audit Committee ¹ Mr A Hamilton, Headmaster and Accounting Officer ¹ Mrs S Khan, Staff Trustee (resigned 24 July 2018) Mr M Proctor (appointed 18 October 2017) ¹ Member of Finance and Audit Committee
Company registered number	08173271
Company name	George Dixon Academy
Principal and registered office	Portland Road Birmingham B16 9GD
Senior management team	Mr A Hamilton, Headmaster Mr T Mann, Deputy Headmaster Mrs R Bakewell, Assistant Head Ms C Bernard, Assistant Head Mr M Else, Assistant Head Mr W Hinds, Assistant Head Mr D Horner, Assistant Head Mr D Ibbotson, Assistant Head Mr M Jerome, Assistant Head Miss K Jordan, Assistant Head Miss D Satchell, Assistant Head Mr T Lewis, Director of Support Services
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Solicitors	Irwin Mitchell LLP 31 Temple Street Birmingham B2 5DB
Internal auditors	RSM Risk Assurance Services LLP St Phillips Point Temple Row Birmingham B2 5AF

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Trustees' Report
For the year ended 31 August 2018

The Trustees 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 Trustees' report, and a Directors' report under company law.

The academy trust operates an academy in Birmingham for pupils aged 11 to 19. 938 students were on roll at the Academy at the time of the autumn census. George Dixon Academy is an average-sized secondary school with a smaller than average sixth form. It is located in the Ladywood Ward of Birmingham, an area that experiences **significantly high levels of socio-economic disadvantage**. The proportion of students eligible for free school meals is almost **three times** the national average and the proportion of students with special educational needs and/or disabilities is slightly above average, with three students on an educational health and care plan (EHC) and one student with a statement. Students and staff come from an exceptionally diverse range of cultural backgrounds; a very large majority of students are from minority ethnic groups; **almost three quarters of students speak English as an additional language (70%)** with more than 67 different home languages spoken. Student mobility is also extremely high, with around one in five students joining or leaving the Academy at times other than the start of the year. There are **141 newly arrived** students who have not attended a primary school in England and who have little or no English. There are 16 students who are either asylum seekers or refugees and currently seven students are looked after. In the academic year of 2017/18, **78 students left the Academy and 58 joined**. The level of **"turbulence"** (20% of the Academy population) facing the Academy remains a significant challenge in terms of continuity and enhancing attainment and progress.

Structure, governance and management

a. Constitution

The Academy trust is a limited company by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of George Dixon Academy are also directors of the charitable company for the purposes of company law. The charitable company is known as George Dixon Academy.

The Academy is constituted under a Memorandum of Association dated 8 August 2012.

The date Incorporated under the Companies Act 2006 as a private company, that the company is limited by guarantee is 9 August 2012.

George Dixon Academy converted to academy status with effect from 1 September 2012.

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

b. Members' liability

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

c. Trustees' indemnities

Since 1st September 2012 the Governors (directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 11 to the financial statements the limit of this indemnity is £5,000,000 with a retroactive date of 1st September 2012

d. Method of recruitment and appointment or election of Trustees

George Dixon Academy operates open and transparent recruitment processes ensuring that vacancies are filled as soon as possible. Attention is also given to any identified skills gaps during the recruitment process to ensure the board has a good balance of the necessary skills to ensure the board remains effective in the execution of its duties also taking into account the Succession Plan and Strategy in place.

The process for appointing or electing the various types of Governor at George Dixon Academy are as follows.

The Articles of Association requires that the number of Governors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

1) Co-opted Governors – The Governors may appoint up to three Co-Opted Governors

A Co-opted Governor means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves who have not themselves been so appointed.

The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if the number of Governors who are employed by the Academy Trust (including the Headmaster) would thereby exceed one third of the total number of Governors.

2) Parent Governors – The Articles of Association of provide for up to two Parent Governors.

Parent Governors are elected by parents of registered students at the Academy. A Parent Governor must be a parent of a student at the Academy at the time he/she is elected. Parent Governor vacancies are filled by an election process.

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

3) Appointment of Additional Governors

The Secretary of State may give a warning notice to the Governors where he is satisfied:-

- i. That the standards of performance of pupils at the Academy are unacceptably low, or
- ii. That there has been a serious breakdown in the way the Academy is managed or governed, or
- iii. That the safety of pupils or staff of the academy is threatened (whether by a breakdown of discipline or otherwise).

For this purpose a "warning notice" is a notice in writing by the Secretary of State to the Academy Trust delivered to the Office Setting out-

- a) The matters referred;
- b) The action which he requires the Governors to take in order to remedy those matters; and
- c) The period within which that action is to be taken by the Governors ("the compliance period").

The Secretary of State may appoint such Additional Governors as he thinks fit if the Secretary of State has:

- a) Given the Governors a warning notice in accordance with the Articles of Association; and
- b) The Governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction with the compliance period.

The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification if that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or

between any two Inspections carried out within a 5 year period, of two Ofsted grades.

The Secretary of State may also appoint such further Governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.

Within 5 days of the Secretary of State appointing any Additional or Further Governors in accordance with the Articles of Association, any Trust Governors holding office immediately preceding the appointment of such Governors, shall resign immediately and the Members' power to appoint Governors under the Articles of Association shall remain suspended until the Secretary of State removes one or more of the Additional or Further Governors.

e. Policies and procedures adopted for the induction and training of Trustees

There is a Recruitment, Induction and Training Policy in place which outlines the Academy's approach in this area. Given that the Staff Governor left her teaching post, work has been undertaken in line with this policy and the Memorandum and Articles to fill this vacancy. Parent Governor elections will also be held to continue to update and refresh the Governing Body.

All Governors and Members receive details of training offered by School and Governor Support. These details are circulated by email and where Governors do attend training, they give verbal feedback at the next Governing Body meeting. The Governing Body of the Academy remains committed to providing adequate opportunities for Governors as and when possible and strongly encourages Governors to undertake independent training considered necessary as part of their continuing professional development. The Academy receives additional support through its subscription to School & Governor Support, which is a traded service of Birmingham City Council.

The induction pack was updated and will be put to use during the next period as new Governors are appointed to the Governing Body. Induction documents include but are not limited to: background of the Academy, principles of good governance, roles and responsibilities of a director is provided by the Clerk and/or Chair, Governor's Code of Conduct and key documentation to be completed is also provided, including a letter of appointment outlining role descriptions and expectations to be agreed to. There is an opportunity for new Governors to tour the school (learning walk) and meet the members of the Senior Leadership Team. Policies related to recruitment and induction are included as part of an on-going review schedule to ensure they are updated and reviewed at appropriate intervals and remain in line with statutory and other regulatory guidance as well as being relevant to the changing needs of the Academy. A learning walk was conducted by the last Governor to be appointed. The process of induction and training also includes completion of DBS checks for all governors in line with the DfE Governance Handbook.

Governors are issued with role descriptions as part of the induction process to ensure they are aware of what is required of them in their role. They also receive specific training on governance and are introduced to the code of conduct for governors.

All of the key information that new Governors need to familiarise themselves with is held in a folder on CG First which is the electronic governance portal that the Academy uses to help service its governance function.

The Academy Trust is a member of the National Governors' Association and complies with the relevant requirements to maintain its membership

f. Organisational structure

Before conversion to academy status on 1st September 2012, George Dixon Academy was a Foundation School, as defined in the Schools Standards and Framework Act 1998. The additional responsibilities of the Governing Body of the Academy Trust have been recognised and the structure amended accordingly.

The majority of the roles and responsibility have been delegated to a committee, as defined by the Governing

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Trustees' Report (continued)
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Body's Terms of Reference. Responsibilities for which the full Governing Body has retained responsibility are defined in the Governing Body's Terms of Reference.

Members of the Leadership Team, in addition to the Headmaster, attend the Governing Body and Finance and Audit Committee meetings as appropriate. The Governors are responsible for the strategic management of the Academy; deciding and setting key aspects of the Academy, including strategic direction, annual budgets, senior staff appointments and policy changes. Strategic and operational leadership is the responsibility of the Headmaster and the Leadership Team.

Academy policies are developed by senior members of the Academy's staff, to reflect both the strategic direction agreed by the Governors and also statutory requirements. These policies are approved and adopted by the Governing Body or Committee and implemented with appropriate procedures by the Leadership Team and other designated staff.

The Governing Body and the Finance & Audit Committee meets at least once per term.

g. Pay policy for key management personnel

The Headmaster's pay is directly linked to Academy performance. The Academy Trust, will, in consultation with an independent educational consultant set performance targets which are measurable, time limited and meet the needs and the priorities for further improvement. Outcomes in examinations for both disadvantaged and non-disadvantaged students will always play a pivotal role in the determination of pay. A formal performance review will be conducted by the independent educational consultant who will present his findings to the Academy Trust. The Academy Trust will decide whether remuneration is warranted.

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	5,351,013
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

Professor K George MBE, Chair of Finance & Audit Committee is also the Managing Director of The Governance Forum Limited, a company that provides governance services to the Academy.

Irwin Mitchell LLP who provides legal services to the Academy is a company in which Sir Robert Dowling, Chair of the Academy Trust, son is a partner.

Objectives and Activities

a. Objects and aims

"A Posse ad Esse" - From Possibility to Reality

George Dixon Academy is an 11-19 fully inclusive Academy which aims to achieve excellence for all, positively promoting all aspects of education. We are dedicated to ensuring that students enjoy their education; reach their full potential and go on to have successful and fulfilling lives. Trustees, Staff, Students and families share a common vision.

As a "good" school we aim to broaden our horizons and develop our practice so we can become outstanding. We strive for success by embracing opportunities and developing our students in readiness for further education and work.

b. Public benefit

The Governors have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by George Dixon Academy is the maintenance and the development of high quality education. It is the Trustees' aim to deliver outstanding learning to all its students and it is a priority to ensure the public benefit for all inhabitants Edgbaston and surrounding area.

In doing this, the George Dixon Academy not only offers a broad based academic education but aims to educate the whole individual. A very-wide of extra-curricular activities and educational trips and visits are offered to students.

Achievements and performance

a. Review of activities

Students enter the Academy at age eleven and at other times of the year with prior attainment which is **significantly lower than the national average in all year groups**. (<25 points – One of the lowest APS/standardized score of any secondary school in Birmingham). The reading ages for the majority of children are far below their chronological ages. In addition, over 20% of students in each year group have no Key Stage 2 data as many of them are newly arrived to the country. On average they are nearly 2 years behind their chronological reading age. In 2015, 2016, 2017 and 2018 however, students made consistently good progress as evidenced by positive Progress 8 scores.

The academy achieved a +0.23 progress 8 score in 2018. This marks four consecutive years of positive progress 8 scores (2015 +0.15, 2016 +0.22, 2017 +0.11).

Despite students making consistently strong progress, overall attainment remains **relatively low** because of some complex factors. For example, we have a large number **of students with no Key Stage 2 data** who mostly have arrived in the country from non-English speaking countries. ***In 2018, we had 48 such students representing 35% of our cohort.*** These students count in attainment figures but are not included in VA scores and indeed Progress 8. Despite this mitigating circumstance attainment 8 improved from 39 in 2017 to 41.2 in

2018.

The Academy opted into the *pilot for Progress 8 measure of performance for 2015 results*.

All Students	2015 Opt in	2016	2017	2018
Overall Progress 8	+0.15	+0.22	+0.11	+0.23
Maths	+0.1	+0.31	+0.18	+0.04
English	-0.2	-0.23	+0.15	+0
Ebacc	+0.9	+0.72	+0.43	+0.37
Open	-0.3	-0.02	-0.29	+0.36

Disadvantaged Students	2015 Opt in	2016	2017	2018
Overall Progress 8	+0.21	+0.20	+0.22	+0.21
Maths	+0.15	+0.23	+0.27	-0.10
English	-0.05	-0.22	+0.25	-0.01
Ebacc	+0.96	+0.70	+0.57	+0.32
Open	-0.33	-0.03	-0.19	+0.45

This pattern is replicated in our current and historical performance. In 2014, our value added score for disadvantaged students was 1039 and 1051 for non-disadvantaged students

The breakdown for the four main components that make up progress 8 all scored positive values in 2018.

English +0.02

Maths +0.05

EBACC +0.37

Open +0.36

Massive improvements in the performance of the Open Bin show that the actions we have taken, and are continuing to take, have had a positive impact. However, there still needs to be a sharp eye on the Open Bin subjects in order to build on this short term success and convert it into a sustainable pillar of the curriculum. The open element improved from -0.3 in 2017 to +0.36 in 2018.

Disadvantaged students continue to achieve a top quintile ranking.

Disadvantaged students continue to make good progress at KS4. Progress 8 figures for this group in 2018 was +0.21, sustaining the positive trend set in previous years (+0.2 in 2016 and +0.22 in 2017). To further enhance this position, we have ensured that students are appropriately set, in all Year groups, thus enabling teaching to be tailored to better meet the needs of all students. For example, settings and associated staffing have been realigned across KS3 to allow for precision teaching between groups of students to ensure that, moving forward, all students are better placed to meet the demands of revised KS4 specifications.

2018 Progress 8 Synopsis

- Students' who had low, middle and high prior attainment, achieved +0.42, +0.23 and -0.19 Progress 8 scores respectively.
- The cohort achieved an EBacc APS of 3.69.
- The disadvantaged cohort achieved an EBacc APS of 3.67.
- Students with **English as an additional language** achieved a Progress 8 score of +0.27.
- **In 2018, the Progress 8 overall score for girls was +0.28 and +0.19 for boys.**

Sixth Form

Significant progress has been demonstrably evidenced in outcomes at Post 16. ***The Department for Education published data shows that Year 13 achieved a +0.25 value added score in 2018.*** This represents a quarter of a grade per student/subject better than their expected score when compared to other students nationally from the same starting point.

Since the Ofsted inspection of 2017, value added scores have improved from -0.3 in 2016 to +0.25 in 2018. ***This represents over half a grade improvement.*** We can now say, with confidence, outcomes, provision, teaching and learning are ***good in the Sixth Form.***

The following subjects all achieved positive value added scores:

Biology (+0.02), chemistry (+0.20), ICT (+0.58), psychology (+0.74), geography (+1.05), law (+1.54), physics (+0.31), religious studies (+1.61), Urdu (+0.33), history (+1.45) and English literature (+0.34)

Mathematics (-0.17), economics (-1.05) and PE (-0.48) recorded a negative value added score. In response economics has not been offered to Year 12 and new teachers have been appointed to teach A-Level maths. PE's low value added score can be attributed to a misunderstanding of the non-examination assessment (NEA) which was rescaled during the examiners moderation. PE staff have already been on an examination course to ensure this does not happen again.

Overall attainment has improved from a D in 2015 to a C- in 2018.

b. Key performance indicators

The Governors of the Academy Trust agreed the key financial performance indicators for 2018-2019

- To approve the achievement of balanced budget for the financial year, that can draw on unspent funds brought forward from previous years
- To receive, monitor and scrutinise a monthly flash result and detailed monthly finance report, prepared on an accruals basis to understand and address variances between the budget forecast and actual income and expenditure.
- Monitor the utilisation of Designated Funds through Capital Expenditure.
The Governors received a Monthly Finance Report that included details of the capital expenditure approved and assigned against each designated fund.
- Achieving value for money through effective financial procedures.
The Academy in addition to its own Financial Regulations Manual produces an Academy Staff Finance Handbook including Guidance Notes for Budget Holders as well as a separate Business Charge Card Policy & Procedures for Internet Ordering.
- The Governors on a Monthly and Year to Date basis monitored individual Key Performance indicators against those budgeted.

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A Governance Assessment Process was (GAP) was initiated by the Academy following conversion to academy status to ascertain and benchmark its position amongst other educational establishments of similar size. An action plan has been developed and progressed from the Governance Diagnostic Assessment

Additional KPI's including attendance, punctuality, student recruitment are also monitored and benchmarked.

c. Going concern

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

Financial review

a. Review

Most of the Academy's Income is obtained from the Department of Education via the Education Funding Agency in the form of its General Annual Grant (GAG) the use of which is restricted to particular purposes i.e. the objects of the Academy Trust. The GAG received during this period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also benefits from Pupil Premium funding provided to the Academy which is in addition to its GAG Funding. This additional funding is used to support pupils from low-income families to raise educational attainment.

The Academies receipt of Devolved Formula Capital Grant (DFC) was for the majority of the year passed over to the Local Authority as part of the Building Schools for Future Agreements. This arrangement ended in July 2018 following termination of the contract with the Academy's Facilities Management provider.

On conversion on 1st September 2012, all of the fixed assets of the former Foundation school were transferred to the new Academy Trust and were shown as restricted asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

Expenditure for the period covered by this report was covered by the GAG and other income and investment income.

The combined General Restricted Fund and Unrestricted Fund show an operating deficit (Excluding the defined pension scheme liability), of £60,985.

b. Reserves policy

The Governors have reviewed again the level of funds designated after expenditure in 2017-2018 to address matters identified as Building Condition Risk and for use in upcoming projects and have determined a Capital Reserve of £1,483,500

The Purpose of the Capital Reserve is to address the Health and Safety Building Condition Risk and is therefore for works outside the scope of the completed construction work associated with Building Schools for the Future Funding. This reserve will continue to fund the lifecycle aspect of the Buildings, including elements if the Academy is unlikely or unable to secure funding via The Condition Improvement Fund (CIF).

The Trust has determined the following designations of the Capital Reserve:

Window Replacement £10,000 The purpose of this designation was to replace windows that were not in the scope of the final Building Schools for the Future (BSF) Cost Plan. The Academy completed this project over a

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Trustees' Report (continued)
For the year ended 31 August 2018

two year period. The value of the reserve is held to meet the cost of the final release of retention and payment of final professional fees.

Roof Repairs £900,000 The purpose of this designation is to replace and repair the roof where the Academy in many areas suffers from water ingress. This was not in the scope of the final Building Schools for the Future Cost Plan. In February 2016 the Academy commissioned a survey report on its flat roofs with costs to replace and repair. Additional allowances for the extensive volume of pitched roof replacement and repair, in addition to the flat roofs have been considered. Additionally allowances for the provision of safe roof access for future maintenance and roofing related roof rain water pipes and guttering have been considered.

Plant and Other Expenditure relating to premises £573,500. This reserve is for Plant, Premises and other Assets that will their require repair or replacement. This reserve is expended on a monthly basis with a wide range of life cycling and individual projects having been completed in the year to 31st August 2018.

The Governors have also have determined that it will carry a Revenue Reserve at a prudent level of resource designed to meet the long-term cyclical needs of renewal of items and any other unforeseen contingencies.

c. Material investments policy

The Academy has an Investment & Treasury Management Policy. The Academy's risk appetite is low and it will focus on security ahead of liquidity and yield.

Investments only in 32 Day Notice and High Interest Deposit Accounts with Lloyds Bank were made in the period to 31st August 2018. All funds held by the Academy as at 31st August 2018 were in interest bearing accounts with Lloyds Bank.

d. Principal risks and uncertainties

The Academy's Risk Management Strategy aims to ensure that the Academy complies with risk management and with the requirements of the Turnbull guidance.

The Academy uses a 3x3 matrix to assess impact and probability as high, medium or low. The Academy's risk threshold is represented by scores of 6 and above in the risk matrix. Above this threshold, the Academy will actively seek to manage risks and will prioritise time and resources to reducing, avoiding or mitigating these risks.

The Key Risks identified are:

Operational Risk – Information Security Risk. The Academy has held training sessions on the General Data Protection Regulation (GDPR) with new and existing staff. The Academy has deployed Microsoft Bit locker to all computers within the Academy to encrypt all USB connected devices. All staff laptops are encrypted. In mitigation the academy continues to follow its policy and procedures on paper based records. The Academy has engaged an external organisation to support its ongoing GDPR compliance journey

Academic Risk – There are **141 newly arrived** students who have not attended a primary school in England and who have little or no English. There are 16 students who are either asylum seekers or refugees and currently seven students are looked after. In the academic year of 2017/18, **78 students left the Academy and 58 joined**. The level of **"turbulence"** (20% of the Academy population) facing the Academy remains a significant challenge in terms of continuity and enhancing attainment and progress. This results in support necessarily incurred beyond that of other schools to ensure the Academic performance is achieved. The Academy in part mitigates the academic risk by the engagement of an EAL teacher and graduates in classrooms and accepts the residual risk.

Finance Risk – Education and Skills Funding Agency (ESFA) Funding. The Academy is reliant on the funding it receives from the ESFA. This funding is pupil led. The Academy will continue to actively recruit in all areas of the Academy but especially through its transitional arrangements into Year 7 and Sixth Form to mitigate the risk of loss of funding. The Academy has modelled changes in the in the amount of Pupil Led Funding as a result of changes in funding rates and factors as well the cessation of the Education Services Grant (ESG) and Catch Up Premium grant that impact negatively on the Academy and is aware of a change in the profile of pupils eligible for FSM at the Academy and the impact for 2019/20 and likely impacts on various funding streams in future. The Academy is reliant on the continuation of the Pupil Premium Grant and not being negatively impacted by the national funding formula. The Academy produces and submits a 3 year forecast to the ESFA.

Finance Risk – Staffing Related Costs. From April 2016 with the introduction of the new flat rate State pension, the State second pension ceased and the ability for employers to contract out of the State second pension and receive a national insurance rebate of 3.4% ended. This effective 3.4% increase in National Insurance (between the lower earnings limit and upper accrual point for National Insurance) continues apply to all staff who are members of one of these contracted out schemes. Teachers Pension costs for the Academy increased from the 14.1% employer contribution rate to 16.48% with effect from September 2015. It is anticipated that the triennial valuation will result in an increase to 23.6% from September 2019. It is uncertain to the extent this pension increase will be funded or the extent of funding that will be made for future pay awards. The known changes have been modelled through the Academy's Budget & Forecasting Software. The triennial valuation of the West Midland Pension Fund scheme at 31 March 2016 resulted in a future service employer contribution rate of 16.7% from 1 April 2017 plus an increase past service lump sum advised, this has further increased staffing costs. Regular monthly monitoring of staff cost related KPI's, together with more detailed analysis of staffing costs is undertaken with the Headmaster to mitigate these risks. The Finance & Audit Committee receive a detailed Monthly Finance Report.

Health and Safety Risk – Building Condition. The Academy despite being one of the last Building Schools for the Future Projects has areas outside the scope of works for example Roof, Guttering and Windows that present a Health & Safety risk. In mitigation the Academy has commenced and will continue a programme of work utilising its own reserves.

During the year 2017/18 the Academy suffered water ingress into in to a hall and classroom. This is an insured loss for the flooring.

The principal risks to the Academy all have a financial impact. In addition to short notice to budgetary allocations and funding formulae from the Education and Skills Funding Agency (ESFA) may have on financial planning. There are the usual risks associated with potential fraud, damage to reputation and failure to maintain and improve academic standards but control measures have been put in place to mitigate these risks.

Under Financial Reporting Standard Number 102, it is necessary to change projected deficits on the Local Government Pension Scheme, which provided for support staff, to the restricted general fund. This results in reducing the reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The Academy is currently paying an increased employer contribution rate to reduce this deficit.

Fundraising

The academy trust carries out a limited amount of fundraising and only for named charities, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints would be handled and monitored through the Trust's complaints procedure.

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Trustees' Report (continued)
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Plans for future periods

a. Future developments

George Dixon Academy will continue to work to improve the achievements for all students both academically and in its role to prepare them to make a positive contribution to society.

We aim to become an "outstanding academy" without losing our identity and multinational inclusive intake. We will continue to build upon successes and serve our community well.

Since conversion to an Academy, the governors have demonstrated good financial management which has allowed them to invest and improve significantly the quality of the school. Future plans are being considered to further enhance the environment at the Academy.

Funds held as custodian

During the period ending 31st August 2018 George Dixon Academy did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's Equal opportunities policy, the Academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

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Trustees' Report (continued)
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Auditors

The auditors, Dains LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report was approved by order of the board of trustees, as the company directors, on 12 December 2018 and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line and a small flourish.

Sir Robert Dowling
Chair of Trustees

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Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Sir R Dowling, Chair	4	4
Mr B Kicks, Vice Chair of Trustees	2	4
Professor K George MBE, Chair of Finance & Audit Committee	2	4
Mr A Hamilton, Headmaster and Accounting Officer	4	4
Mrs S Khan, Staff Trustee (Resigned 24 July 2018)	3	4
Mr M Proctor	3	3

Governance reviews:

This year, the Academy has undertaken robust governance assessments in order to ensure that the governance systems and processes that are in place and are helping to promote the long-term success of the Academy, that strategic planning is being undertaken and that there is a plan in place to monitor the governance activity. The School and Governor Support Audit Tool (2018/19) has also been completed and has been cross referenced with the accredited governance assessment that the Academy undertake at least every two years to ensure all aspects of governance had been assessed. No areas of non-compliance were identified and the Academy achieved a level three which is the highest level available.

The Academy continues to invest in secure, GDPR compliant software that supports the administrative function of the Governing Body and also monitors compliance against a range of benchmarked, cross sector standards for governance resources. This offers the Governing Body assurance that the appropriate documentation is in place – including but not limited to policies, insurance certificates, Academy Improvement Plan, risk register etc.

The Governance Forum continues to act as professional advisors to the Academy and there is also a subscription to School and Governor Support ensuring that professional advice is always accessible.

Training opportunities are regularly circulated to Governors making certain that they are able to update their skills, understand the education sector and raise their awareness of statutory requirements. Courses such as the Governor Induction have been completed with feedback being given to the Governing Body where training has been attended.

Vacancies have arisen during the course of the year. An accountant was appointed following a forensic skills analysis to ensure a balance within the team. A staff governor left her teaching position in July and subsequent staff elections and appointments will take place. In addition, two parents were elected.

George Dixon Academy
(A company limited by guarantee)

Governance Statement (continued)

Governors and Members continue to receive adequate and appropriate data from the Headmaster and other Members of the Senior Leadership Team. Data is openly challenged in Governing Body and Committee meetings and further clarification requested when necessary.

Work continues on developing the risk management processes across the Academy. This process is being overseen by the Governing Body. The Academy Trust is a member of the National Governors' Association.

The **Finance & Audit Committee** is a sub-committee of the main board of trustees. Its purpose is to assist in the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of academy's finance and resources, including proper planning, monitoring and probity and to make appropriate comments and recommendations on such matters to the main board of trustees on a regular basis.

During the year Mr M Proctor, who is a qualified accountant, joined the committee. Attendance at meetings in the year was as follows:

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Sir R Dowling, Chair of Trustees	4	4
Mr B Kicks, Vice Chair of Trustees	2	4
Professor K George MBE , Chair of Finance & Audit Committee	4	4
Mr A Hamilton, Headmaster	4	4
Mr M Proctor (appointed 18 October 2017)	3	3

Governance Statement (continued)

Review of Value for Money

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

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

1. Improving Educational Outcomes

Students enter the Academy at age eleven and at other times of the year with prior attainment which is **significantly lower than the national average in all year groups**. (<25 points – One of the lowest APS/standardized score of any secondary school in Birmingham). The reading ages for the majority of children are far below their chronological ages. In addition, over 20% of students in each year group have no Key Stage 2 data as many of them are newly arrived to the country. On average they are nearly 2 years behind their chronological reading age. In 2015, 2016, 2017 and 2018 however, students made consistently good progress as evidenced by positive Progress 8 scores.

The academy achieved a +0.23 progress 8 score in 2018. This marks four consecutive years of positive progress 8 scores (2015 +0.15, 2016 +0.22, 2017 +0.11).

Despite students making consistently strong progress, overall attainment **remains relatively low** because of some complex factors. For example, we have a large number of **students with no Key Stage 2 data** who mostly have arrived in the country from non-English speaking countries. **In 2018, we had 48 such students representing 35% of our cohort.** These students count in attainment figures but are not included in VA scores and indeed Progress 8. Despite this mitigating circumstance attainment 8 improved from 39 in 2017 to 41.2 in 2018.

The Academy opted into the **pilot for Progress 8 measure of performance for 2015 results.**

All Students	2015 Opt in	2016	2017	2018
Overall Progress 8	+0.15	+0.22	+0.11	+0.23
Maths	+0.1	+0.31	+0.18	+0.04
English	-0.2	-0.23	+0.15	+0
Ebacc	+0.9	+0.72	+0.43	+0.37
Open	-0.3	-0.02	-0.29	+0.36
Disadvantaged Students	2015 Opt in	2016	2017	2018
Overall Progress 8	+0.21	+0.20	+0.22	+0.21
Maths	+0.15	+0.23	+0.27	-0.10
English	-0.05	-0.22	+0.25	-0.01
Ebacc	+0.96	+0.70	+0.57	+0.32
Open	-0.33	-0.03	-0.19	+0.45

This pattern is replicated in our current and historical performance. In 2014, our value added score for disadvantaged students was 1039 and 1051 for non-disadvantaged students.

2018 Progress 8 Synopsis

- Students who had low, middle and high prior attainment, achieved +0.42, +0.23 and -0.19 Progress 8 scores respectively.
- The cohort achieved an Ebacc APS of 3.69.
- The disadvantaged cohort achieved an Ebacc APS of 3.67.
- Students with **English as an additional language** achieved a Progress 8 score of +0.27.
- **In 2018, the Progress 8 overall score for girls was +0.28 and +0.19 for boys.**

Governance Statement (continued)

The Academy recognised that the progress of English, whilst broadly average with national expectations in 2015 and 2016, fell below all other indicators. Actions taken by the Academy included appointing a new Assistant Headteacher to lead English; strengthening the department through the appointments of two experienced teachers; restructuring the curriculum to allow for appropriate and timely interventions; and formulating practice exams on a regular basis.

This work is having a significantly positive impact on student outcomes. On average, a quarter of a grade improvement per student was achieved in 2018 (-0.22 in 2016 to +0.02 in 2018).

The poor performance of Product Design, ICT and Catering resulted in a negative score in the Open bin and fell below the Academy's expectations.

The Academy identified the quality of teaching as an issue in Product Design. Despite support and intervention outcomes did not improve in 2017. Decisive action has been taken. The Head of Product Design has resigned and a decision was made to remove Product Design from the curriculum until an experienced teacher is appointed. In ICT, a former HMI was commissioned to review the department. Recommendations were actioned which included a realignment of SLT line-management responsibilities, a comprehensive overhaul of departmental organization resulted in a change of leadership within ICT and more appropriate courses being offered at Level two and three.

In 2018, massive improvements in the performance of the Open Bin show that the actions we have taken, and are continuing to take, have had a positive impact. However, there still needs to be a sharp eye on the Open Bin subjects in order to build on this short term success and convert it into a sustainable pillar of the curriculum. The open element improved from -0.3 in 2017 to +0.36 in 2018.

Reasons for Improvements in the Performance of Open Bin Subjects

Curriculum adjustments, including more vocational qualifications and discontinuing design and technology in 2016 have contributed to improved outcomes in 2018.

Improved performance in English literature/language, physics, biology, chemistry, geography, history and computer science has led to improved scores counting in both EBACC and open element of progress 8.

Open Bin Subject Areas of Success

BTEC Health and Social +1.28
BTEC Music +1.71
BTEC Performing Arts +1.95
BTEC Sport +2.04
GCSE PE +0.9
GCSE Food +0.26
GCSE Textiles +2.18
GCSE Art -0.12

Open Bin Subject Areas of Concern

GCSE ICT -0.50

ICT's P8 score of -0.79 was disappointing in 2017 and although there has been marginal improvement, the 2018 P8 score of -0.5 is again disappointing. Course changes have occurred in this department from GCSE to vocational (OCR National in Year 11 and BTEC Tech in Year 10). The Senior Leader with line management responsibility will oversee the implementation of their action plan.

Current students across the Academy make strong progress (Years 7 -11) because of the high quality teaching and learning they experience. Good differentiated approaches by teachers ensure that student of all abilities, including those who are disabled and with special educational needs, make consistently good progress. Our data analysis processes, standardisation and moderation processes are innovative and robust. ***Current progress***

Governance Statement (continued)

data in year groups 8 – 13 replicates the three year historical trend that is established in Analysing School Performance

2. Financial Governance and Oversight

The Academy benefits from the provision of Internal Audit Services provided by RSM. The Scope of the Internal Audit Plan for 2017-2018 included for 8 days work this had been agreed with the Finance & Audit Committee on a Risk Based and Core Assurance Programme.

The effectiveness of the system of Internal Controls is also informed by the work of the Academy's External Auditors, Dains LLP.

The Finance & Audit Committee receives monthly Finance Reports in line with the Academy's Financial Regulations.

The Academy operations are within approved Accounting Policies and Scheme of Delegation.

The Academy continues to undertake benchmarking exercises both on Finance and Governance where part of the independent, accredited Governance Assessment Process (GAP) is to ascertain and benchmark the Academy amongst other educational establishments and organisations of similar size.

3. Demonstrating Good Value for Money and Efficient and Effective Use of Resources

The Academy continues to apply the four principles of Best Value: To Challenge, To Compare, To Consult and To Compete.

In doing this the Academy takes advantage of Framework Agreements and a number of Purchasing Consortia of which it is a member or customer. The Academy is aware of the "Deals for Schools" set up by the Schools Commercial Team (SCT) within DfE and revisits as new deals are added; a number of the purchasing consortia the Academy is a member of and use are listed as providers.

The Academy, in addition to its own Financial Regulations Manual produces an Academy Staff Finance Handbook including guidance notes for budget holders as well as a separate Business Charge Card Policy & Procedure for Internet Ordering. The Academy has in place a Procurement and Tendering Policy.

The Academy holds Autumn briefing session with budget holders on the Academy Staff Finance Handbook, Business Charge Card & internet ordering procedures. A section on Anti-Fraud & Corruption is included in the briefing session.

The Academy's Financial Regulations and Scheme of Delegation details the authorisation limits for both procurement and for sale and disposal of assets.

A file is maintained of services and contracts. The Academy retains quotations for goods, works and services. Some examples of where quotations and tenders have been obtained that vary widely in value, and include:-

- The Academy continued to address its built environment risks and undertook a tender process to replace its exterior windows and doors. This project was carried out over a two year programme. The main programme was completed by year-end 2017. A further variation was executed during October half term 2017 to replace a number of external doors.
- The Academy had a number of internal windows and door panels to replace and these were brought together into one package with quotations obtained.
- The Academy undertook a project to refurbish the Sixth Form Area including the procurement of new furniture.
- During July 2018 the Academy brought its facilities management (FM) provision in-house following the termination of the contract with an outsourced FM provider. The FM provision having been originally outsourced a number of years ago as part of the Building Schools for the Future arrangements. The largest tender was for Mechanical & Electrical services which was undertaken via a Crescent Consortium Framework

The Academy maintains a permanent and continuous register of all items of furniture, equipment, including IT

Governance Statement (continued)

vehicles and other assets.

Three year contracts have been entered to achieve reduced cost where it would benefit the trust.

4. Maximising Income generation

The Academy continues to explore opportunities for income generation through its catering operation and the use of its property and facilities. These are not always restricted to cash income but also whether the Academy can gain a benefit for services, for example coaching expertise from sporting clubs for the benefit of our students. The Academy wishes to expand its community use programme and is keen that our students can access clubs that they would not perhaps otherwise be aware of, or be able to access or have considered.

The Academy reduces the cost of its catering facilities through shared use by the adjacent local authority controlled primary school.

5. Summary

We will continue as a priority our relentless pursuit of students reaching their full potential. The Academy's will continue to self-evaluate with rigour and focus on how we best resource our development plan. The Academy will continue to work to improve the achievements for all students both academically and its role to prepare them to make a positive contribution to society. We aim to become an "outstanding academy" without losing our identity and multinational inclusive intake. We will continue to build upon successes and serve our community well.

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 George Dixon Academy 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 trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 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 trustees.

Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Audit 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 trustees has considered the need for a specific internal audit function and has decided to appoint RSM Risk Assurance Services LLP 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:

During the year to 31st August 2018 the Internal audit function has delivered their scheduled work as planned which has consisted of:-

- Key Financial Controls: Financial Planning and Budgetary Control
- Follow up work, Framework for Compliance with Legal Requirements- Fraud, Whistleblowing, Bribery; Student Funding Records; Governance: Core Processes; Human Resources: Recruitment, Selection and Appraisals; Framework for Compliance with Legal Requirements: Data Protection and Records Retention.

On a termly basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

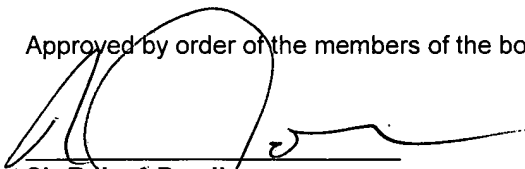
Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on their behalf, by:


Sir Robert Dowling
Chair of Trustees


Mr Anthony Hamilton
Accounting Officer


George Dixon Academy
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of George Dixon Academy 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 Anthony Hamilton
Accounting Officer

Date: 12 December 2018

Statement of Trustees' Responsibilities
For the year ended 31 August 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



Sir Robert Dowling
Chair of Trustees

Independent Auditors' Report on the Financial Statements to the Members of George Dixon Academy

Opinion

We have audited the financial statements of George Dixon Academy (the 'Academy') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the cash flow statement 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 Auditors' 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees 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.

Independent Auditors' Report on the Financial Statements to the Members of George Dixon Academy

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Independent Auditors' Report on the Financial Statements to the Members of George Dixon Academy

Auditors' 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 Auditors' 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. This description forms part of our Auditors' 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
12 December 2018

George Dixon Academy
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to George Dixon Academy and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 October 2018 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 George Dixon Academy 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 George Dixon Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to George Dixon Academy 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 George Dixon Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of George Dixon Academy's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of George Dixon Academy's funding agreement with the Secretary of State for Education dated 1 September 2012, 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.

George Dixon Academy
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to George Dixon Academy and the Education & Skills Funding Agency (continued)

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.



Dains LLP
Statutory Auditor
Chartered Accountants
Birmingham
12 December 2018

George Dixon Academy
(A company limited by guarantee)

Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 August 2018

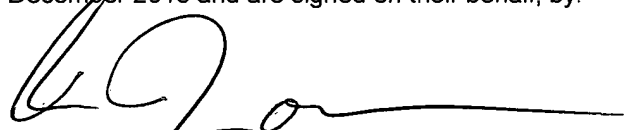
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	31,073	-	93,614	124,687	181,825
Charitable activities: Funding for the academy trust's educational operations	5	-	6,630,681	-	6,630,681	6,622,549
Other trading activities	3	15,070	-	-	15,070	8,010
Investments	4	12,185	304	-	12,489	17,301
Total income		58,328	6,630,985	93,614	6,782,927	6,829,685
Expenditure on:						
Charitable activities: Academy trust educational operations		91,375	7,007,439	453,082	7,551,896	7,589,336
Total expenditure	7	91,375	7,007,439	453,082	7,551,896	7,589,336
Net expenditure before transfers		(33,047)	(376,454)	(359,468)	(768,969)	(759,651)
Transfers between Funds	15	-	(81,000)	81,000	-	-
Net expenditure before other recognised gains and losses		(33,047)	(457,454)	(278,468)	(768,969)	(759,651)
Actuarial gains/(losses) on defined benefit pension schemes	19	-	452,000	-	452,000	(241,000)
Net movement in funds		(33,047)	(5,454)	(278,468)	(316,969)	(1,000,651)
Reconciliation of funds:						
Total funds brought forward		1,946,107	(1,768,344)	18,406,449	18,584,212	19,584,863
Total funds carried forward		1,913,060	(1,773,798)	18,127,981	18,267,243	18,584,212

George Dixon Academy
(A company limited by guarantee)
Registered number: 08173271

Balance Sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		18,127,981		18,406,449
Current assets					
Debtors	13	216,980		210,757	
Cash at bank and bank		2,608,818		3,202,412	
		<u>2,825,798</u>		<u>3,413,169</u>	
Creditors: amounts falling due within one year	14	(793,536)		(1,066,406)	
Net current assets			<u>2,032,262</u>		<u>2,346,763</u>
Total assets less current liabilities			<u>20,160,243</u>		<u>20,753,212</u>
Defined benefit pension scheme liability	19	(1,893,000)		(2,169,000)	
Net assets including pension scheme liabilities			<u><u>18,267,243</u></u>		<u><u>18,584,212</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	15	119,202		400,656	
Restricted fixed asset funds	15	<u>18,127,981</u>		<u>18,406,449</u>	
Restricted income funds excluding pension liability		<u>18,247,183</u>		<u>18,807,105</u>	
Pension reserve		<u>(1,893,000)</u>		<u>(2,169,000)</u>	
Total restricted income funds			<u>16,354,183</u>		<u>16,638,105</u>
Unrestricted income funds	15		<u>1,913,060</u>		<u>1,946,107</u>
Total funds			<u><u>18,267,243</u></u>		<u><u>18,584,212</u></u>

The financial statements on pages 28 to 55 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:



Sir Robert Dowling
Chair of Trustees

George Dixon Academy
(A company limited by guarantee)

Statement of Cash Flows
For the year ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	17	<u>(525,084)</u>	<u>(444,665)</u>
Cash flows from investing activities:			
Bank interest received		12,489	17,301
Purchase of tangible fixed assets		(174,613)	(432,602)
Capital grants from DfE Group		<u>93,614</u>	<u>76,625</u>
Net cash used in investing activities		<u>(68,510)</u>	<u>(338,676)</u>
Change in cash and cash equivalents in the year		(593,594)	(783,341)
Cash and cash equivalents brought forward		<u>3,202,412</u>	<u>3,985,753</u>
Cash and cash equivalents carried forward	18	<u>2,608,818</u>	<u>3,202,412</u>

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

George Dixon Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

1. 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

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

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

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where receipt is probable and it is measurable.

Donated goods, facilities and services

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

Donations

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

Other income

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

1. Accounting Policies (continued)

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.

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% Straight line basis
Furniture and fixtures	-	20% Straight line basis
Plant and equipment	-	20% Straight line basis
Computer equipment	-	33.3% Straight line basis

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

Notes to the Financial Statements
For the year ended 31 August 2018

1. Accounting Policies (continued)

Freehold land is 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.

1.6 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.

1.7 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.

1.8 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.

1.9 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 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. 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.

1.10 Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1. Accounting Policies (continued)

1.11 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.

1.12 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 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1. Accounting Policies (continued)

1.13 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

Investment income, gains and losses are allocated to the appropriate fund.

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 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.

Critical areas of judgment:

The preparation of the financial statements in conformity with generally accepted accounting principals requires the Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results in the future could differ from those estimates. In this regard, the Trustees believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Depreciation and residual values

Tangible fixed assets are depreciated over the useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

George Dixon Academy
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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 £	Total funds 2017 £
Donations for educational visits	9,158	-	-	9,158	13,550
Other incoming resources	21,485	-	-	21,485	24,893
Capital grants	-	-	93,614	93,614	76,625
Insurance income	430	-	-	430	62,853
Other income	-	-	-	-	3,904
	<u>31,073</u>	<u>-</u>	<u>93,614</u>	<u>124,687</u>	<u>181,825</u>
Total 2017	<u>105,200</u>	<u>-</u>	<u>76,625</u>	<u>181,825</u>	

3. Income from other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	15,070	-	15,070	8,010
	<u>15,070</u>	<u>-</u>	<u>15,070</u>	<u>8,010</u>
Total 2017	<u>8,010</u>	<u>-</u>	<u>8,010</u>	

4. Income from investments

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest received	12,185	304	12,489	17,301
	<u>12,185</u>	<u>304</u>	<u>12,489</u>	<u>17,301</u>
Total 2017	<u>17,301</u>	<u>-</u>	<u>17,301</u>	

George Dixon Academy
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Notes to the Financial Statements
For the year ended 31 August 2018

5. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,814,190	5,814,190	6,012,750
Pupil premium	-	483,366	483,366	491,263
Other DfE/EFSA grants	-	35,473	35,473	34,878
	-	6,333,029	6,333,029	6,538,891
Other government grants				
Local authority pupil premium	-	16,525	16,525	11,100
Other local authority income	-	231,562	231,562	12,000
	-	248,087	248,087	23,100
Other funding				
George Dixon Scholarship	-	25,200	25,200	25,000
University Placement Income	-	24,365	24,365	35,558
	-	49,565	49,565	60,558
	-	6,630,681	6,630,681	6,622,549
Total 2017	-	6,622,549	6,622,549	

George Dixon Academy
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Notes to the Financial Statements
For the year ended 31 August 2018

6. Charitable activities

	Total funds 2018 £	Total funds 2017 £
Direct costs - educational operations		
Wages and salaries	3,656,858	3,592,113
National insurance	387,952	382,157
Pension cost	676,704	700,055
Depreciation	452,916	545,583
Educational supplies	154,232	149,192
Examination fees	86,690	76,640
Staff development	25,487	32,732
Technology costs	287,551	267,754
Educational consultancy	38,863	41,518
Other direct costs	15,580	19,412
	<u>5,782,833</u>	<u>5,807,156</u>
Support costs - educational operations		
Wages and salaries	565,214	431,846
National insurance	32,364	31,209
Pension cost	71,921	52,584
Pension income	55,000	38,000
Travel and subsistence	158,114	165,551
Other direct costs	75,859	69,831
Recruitment and support	5,956	25,846
Maintenance of equipment	421,907	561,012
Cleaning	12,464	11,274
Rates	20,862	23,220
Water rates	25,097	19,527
Energy	141,537	133,930
Insurance	31,029	34,805
Transport	9,799	7,165
Technology costs	66,041	65,057
Governance costs	75,899	111,323
	<u>1,769,063</u>	<u>1,782,180</u>
	<u><u>7,551,896</u></u>	<u><u>7,589,336</u></u>

George Dixon Academy
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Notes to the Financial Statements
For the year ended 31 August 2018

7. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Academy's educational operations:					
Direct costs	4,721,514	341,878	719,441	5,782,833	5,807,156
Allocated support costs	669,499	615,588	483,976	1,769,063	1,782,180
	5,391,013	957,466	1,203,417	7,551,896	7,589,336
Total 2017	5,189,963	558,235	1,841,138	7,589,336	

8. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	452,915	545,582
Auditors' remuneration - audit	7,325	7,100
Auditors' remuneration - other services	-	3,140
Internal audit costs	-	6,420
Operating lease rentals	244,816	243,536

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Notes to the Financial Statements
For the year ended 31 August 2018

9. Staff

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,182,072	4,018,459
Social security costs	420,316	413,365
Operating costs of defined benefit pension schemes	748,625	752,639
	<u>5,351,013</u>	<u>5,184,463</u>
Staff restructuring costs	40,000	5,500
	<u>5,391,013</u>	<u>5,189,963</u>
Staff restructuring costs comprise:		
Redundancy payments	40,000	-
Severance payments	-	5,500
	<u>40,000</u>	<u>5,500</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teaching staff	81	83
Support staff	21	22
Administrative staff	11	11
	<u>113</u>	<u>116</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teaching staff	80	81
Support staff	14	16
Administrative staff	10	10
	<u>104</u>	<u>107</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	3	2

George Dixon Academy
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Notes to the Financial Statements
For the year ended 31 August 2018

9. Staff costs (continued)

In the band £80,001 - £90,000	1	-
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	-

Four of the above employees participated in the Teachers' Pension Scheme.

d. Key management personnel

e. Key management personnel

The key management personnel of the Academy comprise key trustees and the key member of 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 was £171,410 (2017 - £171,749).

10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Principal and other staff Trustees 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 Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2018 £	2017 £
A Hamilton (Headmaster and Trustee) Remuneration	120,000-125,000	115,000-120,000
Pension contributions paid	15,000-20,000	15,000-20,000
Mrs S Khan (Staff Trustee) Remuneration	25,000-30,000	25,000-30,000
(resigned 24 July 2018) Pension contributions paid	0-5,000	0-5,000

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £275 to 1 Trustees).

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £196 (2017 - £506).

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Notes to the Financial Statements
For the year ended 31 August 2018

12. Tangible fixed assets

	Freehold land and buildings £	Furniture and fixtures £	Computer equipment £	Total £
Cost -				
At 1 September 2017	19,879,273	589,690	608,501	21,077,464
Additions	85,881	2,958	85,774	174,613
Disposals	-	(1,855)	(530)	(2,385)
At 31 August 2018	19,965,154	590,793	693,745	21,249,692
Depreciation				
At 1 September 2017	1,633,736	567,662	469,617	2,671,015
Charge for the year	341,877	16,604	94,434	452,915
On disposals	-	(1,793)	(426)	(2,219)
At 31 August 2018	1,975,613	582,473	563,625	3,121,711
Net book value				
At 31 August 2018	17,989,541	8,320	130,120	18,127,981
At 31 August 2017	18,245,537	22,028	138,884	18,406,449

Included in land and buildings is freehold land at cost of £2,829,050 (2017 - £2,829,050) which is not depreciated.

13. Debtors

	2018 £	2017 £
Trade debtors	1,764	14,664
VAT recoverable	78,759	58,764
Prepayments and accrued income	136,457	137,329
	<u>216,980</u>	<u>210,757</u>

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	563,553	568,169
Other creditors	-	38,615
Accruals and deferred income	229,983	459,622
	<u>793,536</u>	<u>1,066,406</u>

George Dixon Academy
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Notes to the Financial Statements
For the year ended 31 August 2018

14. Creditors: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	12,200	33,384
Resources deferred during the year	33,071	12,200
Amounts released from previous years	(12,200)	(33,384)
	<u>33,071</u>	<u>12,200</u>
Deferred income at 31 August 2018	<u>33,071</u>	<u>12,200</u>

15. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Window replacement	52,628	-	-	(42,628)	-	10,000
Roof repairs	881,660	-	-	18,340	-	900,000
Plant and other expenditure relating to premises	648,732	-	-	(75,232)	-	573,500
Future capital works	160,500	-	-	(160,500)	-	-
	<u>1,743,520</u>	<u>-</u>	<u>-</u>	<u>(260,020)</u>	<u>-</u>	<u>1,483,500</u>
General funds						
Unrestricted funds	202,587	58,328	(91,375)	260,020	-	429,560
Total Unrestricted funds	<u>1,946,107</u>	<u>58,328</u>	<u>(91,375)</u>	<u>-</u>	<u>-</u>	<u>1,913,060</u>

George Dixon Academy
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Notes to the Financial Statements
For the year ended 31 August 2018

15. Statement of funds (continued)

Restricted funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	327,010	6,070,117	(6,277,075)	(81,000)	-	39,052
Other DfE / EFSA grants	-	483,366	(483,366)	-	-	-
Other government grants	-	51,998	(51,998)	-	-	-
George Dixon scholarship	73,646	25,504	(19,000)	-	-	80,150
Pension reserve	(2,169,000)	-	(176,000)	-	452,000	(1,893,000)
	<u>(1,768,344)</u>	<u>6,630,985</u>	<u>(7,007,439)</u>	<u>(81,000)</u>	<u>452,000</u>	<u>(1,773,798)</u>

Restricted fixed asset funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Transfer on conversion	17,262,202	-	-	-	-	17,262,202
DfE / EFSA Capital grants	1,131,867	93,614	(453,082)	81,000	-	853,399
Big Lottery Fund grant	12,380	-	-	-	-	12,380
	<u>18,406,449</u>	<u>93,614</u>	<u>(453,082)</u>	<u>81,000</u>	<u>-</u>	<u>18,127,981</u>
Total restricted funds	<u>16,638,105</u>	<u>6,724,599</u>	<u>(7,460,521)</u>	<u>-</u>	<u>452,000</u>	<u>16,354,183</u>
Total of funds	<u>18,584,212</u>	<u>6,782,927</u>	<u>(7,551,896)</u>	<u>-</u>	<u>452,000</u>	<u>18,267,243</u>

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

Window replacement

To replace windows that were not in the scope of the final Building Schools for the Future (BSF) cost Plan.

Roof repairs

To repair the roof where the Academy in many areas suffers from water ingress. This was not in the scope of the final Building Schools for the Future (BSF) cost plan. The fund is based on a 10+ year building programme.

Plant and other expenditure relating to premises

Plant and other premises related items that may need lifecycle replacement.

Future capital works

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15. Statement of funds (continued)

With the loss of devolved capital grant for the next 15 years, due to the BSF project and the changing demographics currently on places at primary level the Academy considers it prudent to maintain a reserve for further capital works it may wish to undertake in future years.

Restricted general funds

This fund represents grants and other income received for the Academy's operational activities and development

Pension reserve

The pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

This fund represents grants and other income received to carry out works of a capital nature.

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.

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Designated funds						
Window replacement	357,661	-	-	(305,033)	-	52,628
Roof repairs	881,660	-	-	-	-	881,660
Plant and other expenditure relating to premises	595,900	-	-	52,832	-	648,732
Future capital works	375,000	-	-	(214,500)	-	160,500
	<u>2,210,221</u>	<u>-</u>	<u>-</u>	<u>(466,701)</u>	<u>-</u>	<u>1,743,520</u>
General funds						
Unrestricted funds	62,509	130,266	(100,911)	110,723	-	202,587
Total Unrestricted funds	<u>2,272,730</u>	<u>130,266</u>	<u>(100,911)</u>	<u>(355,978)</u>	<u>-</u>	<u>1,946,107</u>

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15. Statement of funds (continued)

Restricted funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	510,161	6,048,308	(6,201,144)	(30,315)	-	327,010
Other DfE / EFSA grants	-	491,263	(491,263)	-	-	-
Other government grants	-	57,978	(57,978)	-	-	-
George Dixon scholarship	31,086	25,245	(13,000)	30,315	-	73,646
Pension reserve	(1,749,000)	-	(179,000)	-	(241,000)	(2,169,000)
	<u>(1,207,753)</u>	<u>6,622,794</u>	<u>(6,942,385)</u>	<u>-</u>	<u>(241,000)</u>	<u>(1,768,344)</u>

Restricted fixed asset funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Transfer on conversion	17,675,911	-	(413,709)	-	-	17,262,202
DfE / EFSA Capital grants	843,975	64,245	(132,331)	355,978	-	1,131,867
Big Lottery Fund grant	-	12,380	-	-	-	12,380
	<u>18,519,886</u>	<u>76,625</u>	<u>(546,040)</u>	<u>355,978</u>	<u>-</u>	<u>18,406,449</u>
Total restricted funds	<u>17,312,133</u>	<u>6,699,419</u>	<u>(7,488,425)</u>	<u>355,978</u>	<u>(241,000)</u>	<u>16,638,105</u>
Total of funds	<u>19,584,863</u>	<u>6,829,685</u>	<u>(7,589,336)</u>	<u>-</u>	<u>(241,000)</u>	<u>18,584,212</u>

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A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Window replacement	357,661	-	-	(347,661)	-	10,000
Roof repairs	881,660	-	-	18,340	-	900,000
Plant and other expenditure relating to premises	595,900	-	-	(22,400)	-	573,500
Future capital works	375,000	-	-	(375,000)	-	-
	<u>2,210,221</u>	<u>-</u>	<u>-</u>	<u>(726,721)</u>	<u>-</u>	<u>1,483,500</u>
General funds						
Unrestricted funds	62,509	130,266	(100,911)	110,723	-	202,587
	-	58,328	(91,375)	260,020	-	226,973
	<u>62,509</u>	<u>188,594</u>	<u>(192,286)</u>	<u>370,743</u>	<u>-</u>	<u>429,560</u>
Total Unrestricted funds	<u>2,272,730</u>	<u>188,594</u>	<u>(192,286)</u>	<u>(355,978)</u>	<u>-</u>	<u>1,913,060</u>
Restricted funds						
	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	510,161	12,118,425	(12,478,219)	(111,315)	-	39,052
Other DfE / EFSA grants	-	974,629	(974,629)	-	-	-
Other government grants	-	109,976	(109,976)	-	-	-
George Dixon scholarship	31,086	50,749	(32,000)	30,315	-	80,150
Pension reserve	(1,749,000)	-	(355,000)	-	211,000	(1,893,000)
	<u>(1,207,753)</u>	<u>13,253,779</u>	<u>(13,949,824)</u>	<u>(81,000)</u>	<u>211,000</u>	<u>(1,773,798)</u>

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15. Statement of funds (continued)

Restricted fixed asset funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Transfer on conversion	17,675,911	-	(413,709)	-	-	17,262,202
DfE / EFSA Capital grants	843,975	157,859	(585,413)	436,978	-	853,399
Big Lottery Fund grant	-	12,380	-	-	-	12,380
	<u>18,519,886</u>	<u>170,239</u>	<u>(999,122)</u>	<u>436,978</u>	<u>-</u>	<u>18,127,981</u>
	<u>17,312,133</u>	<u>13,424,018</u>	<u>(14,948,946)</u>	<u>355,978</u>	<u>211,000</u>	<u>16,354,183</u>
Total of funds	<u>19,584,863</u>	<u>13,612,612</u>	<u>(15,141,232)</u>	<u>-</u>	<u>211,000</u>	<u>18,267,243</u>

16. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	18,127,981	18,127,981
Current assets	1,992,112	822,310	11,373	2,825,795
Creditors due within one year	(40,000)	(742,160)	(11,373)	(793,533)
Provisions for liabilities and charges	-	(1,893,000)	-	(1,893,000)
Difference	(39,052)	39,052	-	-
	<u>1,913,060</u>	<u>(1,773,798)</u>	<u>18,127,981</u>	<u>18,267,243</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	18,406,449	18,406,449
Current assets	1,946,107	1,455,512	11,550	3,413,169
Creditors due within one year	-	(1,054,856)	(11,550)	(1,066,406)
Provisions for liabilities and charges	-	(2,169,000)	-	(2,169,000)
	<u>1,946,107</u>	<u>(1,768,344)</u>	<u>18,406,449</u>	<u>18,584,212</u>

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17. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(768,969)	(759,651)
Adjustment for:		
Depreciation charges	452,915	545,582
Bank interest received	(12,489)	(17,301)
Deficit on the sale of fixed assets	166	457
(Increase)/decrease in debtors	(6,223)	57,190
Decrease in creditors	(272,870)	(373,317)
Capital grants from DfE and other capital income	(93,614)	(76,625)
Defined benefit pension scheme cost less contributions payable	176,000	179,000
Net cash used in operating activities	(525,084)	(444,665)

18. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	2,608,818	3,202,412
Total	2,608,818	3,202,412

19. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Birmingham City Council. 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 2016.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (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

Notes to the Financial Statements
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19. Pension commitments (continued)

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
- 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 £471,640 (2017 - £480,892).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 £191,000 (2017 - £123,000), of which employer's contributions totalled £147,000 (2017 - £79,000) and employees' contributions totalled £44,000 (2017 - £44,000). The agreed contribution rates for future years are 16.7% plus £41,800 for employers and 5.5 - 12.5% 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	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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19. Pension commitments (continued)

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

	2018	2017
Retiring today		
Males	21.9 years	21.8 years
Females	24.4 years	24.3 years
Retiring in 20 years		
Males	24.1 years	24.0 years
Females	26.7 years	26.6 years

Sensitivity analysis - present value of total obligation	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	3,775,000	3,830,000
Discount rate -0.1%	3,974,000	4,031,000
Mortality assumption - 1 year increase	3,999,000	4,057,000
Mortality assumption - 1 year decrease	3,751,000	3,805,000
Increase for pensions +0.1%	3,957,000	4,008,000
Increase for pensions -0.1%	3,792,000	3,852,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,254,000	1,112,000
Debt instruments	215,000	197,000
Property	161,000	129,000
Cash/liquidity	74,000	88,000
Other	276,000	234,000
Total market value of assets	<u>1,980,000</u>	<u>1,760,000</u>

The actual return on scheme assets was £22,000 (2017 - £260,000).

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19. Pension commitments (continued)

The amounts recognised in the statement of financial activities are as follows:

	2018 £	2017 £
Current service cost	(267,000)	(219,000)
Interest income	48,000	33,000
Interest cost	(103,000)	(71,000)
Admin expenses	(1,000)	(1,000)
Total	<u>(323,000)</u>	<u>(258,000)</u>
Actual return on scheme assets	<u>22,000</u>	<u>260,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	3,929,000	3,205,000
Current service cost	267,000	219,000
Interest cost	103,000	71,000
Employee contributions	44,000	44,000
Actuarial (gains)/losses	(478,000)	398,000
Benefits paid	8,000	(8,000)
Closing defined benefit obligation	<u>3,873,000</u>	<u>3,929,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,760,000	1,456,000
Return on plan assets	48,000	33,000
Actuarial gains/(losses)	(26,000)	157,000
Employer contributions	147,000	79,000
Employee contributions	44,000	44,000
Benefits paid	8,000	(8,000)
Administration expenses	(1,000)	(1,000)
Closing fair value of scheme assets	<u>1,980,000</u>	<u>1,760,000</u>

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20. 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 £
Amounts payable:		
Within 1 year	260,482	251,566
Between 1 and 5 years	763,291	987,581
Total	<u>1,023,773</u>	<u>1,239,147</u>

21. Related 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 Trustees 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.

The following related party transactions took place in the period of account.

The Governance Forum Ltd - A company in which Mr K George is the managing director:

- The academy purchased clerking services from The Governance Forum totalling £11,000 (2017 - £11,000) during the year. There were no amounts outstanding as at 31 August 2018 (2017 - £nil).

The academy made purchases from The Governance Forum Ltd at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr K George did not participate in, nor influence.

In entering into the transaction the academy has complied with the requirements of the Academies Financial Handbook 2016.

22. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.