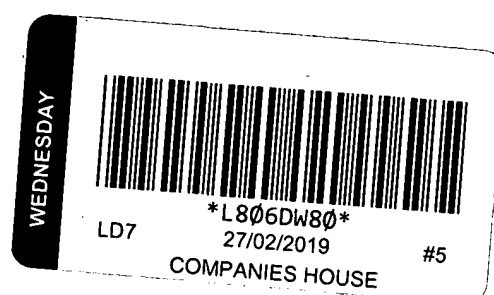

DRAPERS' MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

| | |
|--|---|
| Members | The Drapers' Company Queen Mary University of London Prof M Shaich |
| Trustees | Prof M Shiach, Chairman ¹ T Orchard ¹ Prof M Watkinson (resigned 27 February 2018) ¹ S Foakes ¹ Prof V Davis ¹ T Harris (resigned 16 July 2018) ¹ D Sumner ¹ J Morgan ¹ P Beddows ¹ K Piper (appointed 4 October 2017) ¹ A Blunt (appointed 15 May 2018) ¹ D Sumner ¹ ¹ Denotes Director of the charitable company for the purposes of company law |
| Company registered number | 07035556 |
| Company name | Drapers' Multi-Academy Trust |
| Principal and registered office | Drapers' Academy 1 Settle Road, Harold Hill, Romford London RM3 9XR |
| Chief Executive Officer | S Beeson (resigned 30 November 2017); B Nasir (appointed 1 January 2018) |
| Senior Management Team | D Luckhurst, Principal A Winch, Principal T Spillane, Principal K Becker, Principal (resigned 31 August 2018) L Fisk, Principal (appointed 1 September 2018) S Monk, Vice Principal J Richardson, Vice Principal J Smith, Vice Principal D Caws, Vice Principal (resigned 31 August 2018) M Fogerty, Vice Principal K Porter, Vice Principal (appointed 1 September 2018) J Armstrong, Director of Sixth Form |
| Independent auditors | Landau Baker Limited Chartered Accountants Mountcliff House 154 Brent Street London NW4 2DR |

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Bankers Barclays Bank plc
 1 Churchill Place
 London
 E14 5HP

Solicitors Stone King LLP
 13 Queen Square
 Bath
 BA1 2HJ

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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 Drapers' Multi-Academy Trust (the MAT) for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates Drapers' Academy, Drapers' Brookside Junior School, Drapers' Brookside Infant School, Drapers' Maylands Primary School and Drapers' Pyrgo Priory School in Harold Hill. Its academies have a combined pupil capacity of 2,310 and had a roll of 2,124 in the school census on 5 October 2017.

Structure, governance and management

a. CONSTITUTION

The MAT is a company limited by guarantee with no share capital and an exempt charity. The charitable company's articles of association are the primary governing documents of the Trust. The three Members of the charitable company are The Drapers' Company and Queen Mary University of London in a corporate capacity and the Chair of the MAT. The Drapers' Company and Queen Mary University of London are joint sponsors of the MAT. The Members are responsible for holding the Trustees of the MAT to account for the governance arrangements of the Trust. The articles of association require the members to appoint at least four Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the MAT.

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

Subject to the provisions of the Companies Act, every Trustee or other officer of the MAT shall be indemnified out of the assets of the MAT against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the MAT

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

Trustees are subject to retirement at the end of their four year term, except where they are sponsor appointed Trustees, where their term is determined by the Sponsor. For those with fixed term appointments, they are eligible for re-election at the meeting at which they retire.

The Trustees who were in office at 31 August 2018 and served throughout the year, except where shown, are listed on page 1.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Trustees will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All Trustees are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to undertake their role as Trustees.

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

A Trustee has been appointed to take responsibility for ongoing Trustee training. The local governing bodies (LGB's) all carry out training sessions for their Governors.

f. ORGANISATIONAL STRUCTURE

The organisational structure consists of four levels. The Members, the Trustees, the executive leadership team and the senior leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring all aspects of the MAT's performance and making major decisions about the direction of the schools within the MAT, capital expenditure and senior staff appointments.

The executive leadership team are the Principals, Vice Principals, Director of Sixth Form, Director of Finance and Chief Executive Officer. These managers control the schools at an executive level, implementing the policies laid down by the Trustees and reporting back to them. As a group the executive leadership team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the leadership team always contain a Trustee. Some spending control is devolved to members of the senior leadership team (which comprises the executive leadership team plus Assistant Vice Principals and Phase Leaders), with limits above which a member of the executive leadership team must countersign.

The MAT has LGB's to direct and manage each of the schools within the MAT and there is a Scheme of Delegation which clarifies the powers delegated to the LGB's and the members of the Leadership Teams. The Chair and Vice-Chair of each of the MAT Schools are Trustees of the MAT.

The Chief Executive Officer assumes the accounting officer role.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The arrangements for setting pay and remuneration are defined in the teacher and support pay policies. The MAT and its local governing bodies are committed to taking decisions in accordance with the 'key principles of public life'; objectivity, openness and accountability. It recognizes the requirements for a fair and transparent policy to determine the pay and grading for all staff employed in the MAT. The principals' and leadership salaries are based on the size of the schools as per the Havering Local Authority pay bands. The principals and senior leadership team members may progress upwards in the band after a successful performance review with the local governing body Personnel Committee. There is an annual report to the Remuneration Committee on the principal and senior leadership team salaries. The report of the Remuneration Committee is scrutinised by the MAT board to ensure that all pay awards are compliant with the teacher and support pay policy.

h. TRADE UNION FACILITY TIME

Relevant union officials

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

4

-

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 2 |
| 1%-50% | 2 |
| 51%-99% | - |
| 100% | - |

| Percentage of pay bill spent on facility time | £000 |
|---|------------|
| Total cost of facility time | 3,342 |
| Total pay bill | 10,716,061 |
| 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 | 2 % |
|---|-----|

i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Drapers' Company and Queen Mary University of London are joint sponsors of the MAT, and provide from amongst their number the directors of the MAT board as well as the majority of the governors of the local governing bodies.

Details of related party transactions during the year are contained in note 28 to the financial statements.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the MAT is the operation of schools within the Trust to provide education for pupils of all abilities between the ages of 5 and 19 with an emphasis on science, maths and English. The Trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the MAT.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government is part of the wider 'Master Funding Agreement' between the MAT and the Secretary of State and 'Supplemental Funding Agreements' for each school.

The Scheme of Government specifies, amongst other things, the basis for admitting students to the schools, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and maths and their practical applications.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the MAT during the period ended 31 August 2018 are summarized below:

- To raise the standard of educational improvement of all pupils;
- To provide value for money for the funds expended. Strategies and activities for this are included in the

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Review of Value for Money section of this report;

- To comply with all statutory requirements;
- To conduct the MAT's business in accordance with the highest standards of integrity, probity and openness;
- To continue with initiatives to increase the number of pupils towards the targets set.

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

Some of the strategies and activities to achieve these objectives include:

- The CEO taking responsibility for scrutiny and analysis performance data of all the MAT schools against national data.
- The CEO taking responsibility for performance management of principals, where aspirational targets are set and monitored, for further improving outcomes.
- Principals using performance management as a way of improving pupil outcomes with each teacher being set pupil outcome targets.
- The setup of an internal Academic Task Force, led by the CEO and with principals as members, with oversight of outcomes across the MAT schools. The Academic Task Force facilitates sharing of good practice, expertise and resources across the MAT schools.
- Shared training across the MAT schools, for example attendance.
- The extra funds received from sponsors being used for resources to improve outcomes, for example Read Write Inc, a literacy scheme.
- The purchase of external support, for example school improvement partners.
- Observing good practice in other outstanding schools.
- Working closely with the local authority admissions team.
- Strategic advertising to publicise the MAT schools, for example advertising on local buses.
- Improved Liaison and working between the MAT schools.
- Working with the local authority to plan to increase the nursery provision at Drapers' Pyrgo Primary School.

Our aim is for our schools to be recognised as a centres of excellence, where learning is fun and the highest of standards are achieved. We intend to provide this by:

- Providing a stimulating, safe and purposeful environment within which each pupil is valued and motivated to strive for excellence in both academic achievement and personal development;
- Providing a diverse and balanced curriculum with a quality of teaching that fosters an enjoyment of learning and develops skills for life;
- Delivering a personalised approach to learning to promote enjoyment and achievement;
- Including and developing all pupils and providing equal opportunities for all;
- Developing successful leadership at all levels and from all parts of the Academy community;
- Working in close partnership with parents, governors and the wider community.

In addition to the points above, the principal long term objectives for the MAT are laid out in the Funding Agreement.

d. PUBLIC BENEFIT

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As a MAT we make the best use of our skills, expertise and experience with regards to the community.

DRAPERS' MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and performance

Strategic report

a. KEY PERFORMANCE INDICATORS

Ofsted inspection outcomes

| School | Ofsted Inspection | Outcome |
|----------------------------------|-------------------|----------------------|
| Drapers' Maylands Primary School | June 2018 | Good |
| Drapers' Pyrgo Priory School | January 2018 | Good |
| Drapers' Brookside Infant School | March 2014 | Good |
| Drapers' Brookside Junior School | September 2017 | Good |
| Drapers' Academy | December 2017 | Requires Improvement |

Educational performance

| | | | At National Expected Standard | | | | Exceeding National Standard | | | | Above Floor |
|----------------------------------|-----------------|--------------------------------------|-------------------------------|-----------|---------|-------------------------------------|-----------------------------|-----------|---------|-------------------------------------|-------------|
| Academy | Date Joined MAT | Sponsored/ Converter / New Provision | Reading % | Writing % | Maths % | Reading, Writing & Maths (Combined) | Reading % | Writing % | Maths % | Reading, Writing & Maths (Combined) | Y/N |
| Drapers' Maylands Primary School | Sept 2015 | New Provision | Please refer to below | | | | | | | | |
| Drapers' Pyrgo Priory School | Sept 2016 | Converter | 76 | 82 | 80 | 66 | 34 | 21 | 24 | 10 | Y |
| Drapers' Brookside Infant School | Sept 2016 | Converter | 63 | 54 | 61 | 49 | 10 | 2 | 15 | 2 | Y |
| Drapers' Brookside Junior School | July 2014 | Converter | 73 | 72 | 75 | 62 | 19 | 15 | 41 | 10 | Y |
| Drapers' Academy | Sept 2010 | Converter | Please refer to below | | | | | | | | |

DRAPERS' MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Drapers' Maylands Primary School

| | 2018 School | 2018 National |
|---|--------------------|----------------------|
| Early Years Foundation Stage - Good Level of Development | 88% | 72% |
| Pupils passing the Phonics Screening Check - Year 1 | 88% | 83% |

Drapers' Academy

| | 2018 School | 2018 National |
|-------------------------------------|--------------------|----------------------|
| Progress 8 | -0.67 | 0.01 |
| Attainment 8 | 38.1 | 47.2 |
| English and Maths Grade 5 and above | 31% | 43.9% |
| English and Maths Grade 4 and above | 46% | 65.2% |

Pupil Recruitment Data

| School | Intake year group | Capacity | Pupils on roll at 5 October 2017 |
|----------------------------------|--------------------------|-----------------|---|
| Drapers' Maylands Primary School | Reception | 60 | 47 |
| Drapers' Pyrgo Priory School | Reception | 60 | 52 |
| Drapers' Brookside Infant School | Reception | 60 | 59 |
| Drapers' Brookside Junior School | Year 3 | 60 | 60 |
| Drapers' Academy | Year 7 | 210 | 205 |

DRAPERS' MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial KPI's

| School | Reserves at 31 August 2018 (excluding fixed asset and pension reserves) £000 | As a % of annual income | Months' of income |
|----------------------------------|---|--|------------------------------|
| Drapers' Maylands Primary School | 119 | 11% | 1.3 |
| Drapers' Pyrgo Priory School | (39) | -1% | (0.2) |
| Drapers' Brookside Infant School | (36) | -3% | (0.3) |
| Drapers' Brookside Junior School | 226 | 15% | 1.8 |
| Drapers' Academy | 717 | 10% | 1.2 |
| Central | 40 | 33% | 3.9 |
| Total | 1,027 | 7% | 0.9 |

b. GOING CONCERN

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

Financial review

Most of the MAT's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

During the period, ESFA and other government grants received totaled to £12,876,000. Other income included within restricted funds totaled to £622,000. Restricted fund expenditure totaled to £15,211,000.

The MAT also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The main source of unrestricted income is donations, largely coming from the Drapers' Charitable Fund.

At 31 August 2018 the balance of reserves (restricted funds, excluding pension reserves, plus unrestricted funds) was £38,352,000 (2017: £39,470,000), equating to an in-year deficit for the year to 31 August 2018 of £1,118,000.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the MAT. It should be noted that this does not present the MAT with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the MAT has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the schools in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plans and MAT objectives.

a. RESERVES POLICY

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the MAT has or can make available to spend for any or all of the MAT's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the MAT and is to be spent at the trustees' discretion in furtherance of any of the MAT's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The trustees will keep this level of reserves under review at each Board meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the MAT.

The MAT has built up reasonable reserves primarily relating to Drapers' Academy, which have built since its inception. These reserves primarily relate to restricted funds which are intended to be used to support the establishment of a high quality education during the growth phase of Drapers' Academy, and it is inevitable that this will not operate at a break-even point for a number of years.

Reserves were also created during the previous years of Drapers' Brookside Junior School, and Drapers' Maylands Primary School, ensuring that the school has available resources to support its journey in providing the high quality outcomes for the community.

Total reserves at the end of the period amounted to £35,017,000. This balance includes unrestricted funds of £987,000, which is considered appropriate for the MAT, and restricted funds of £34,030,000.

The amount of designations made in relation to the unrestricted reserves totals to £nil.

DRAPERS' MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the MAT recognises a significant pension fund deficit totaling to £3,335,000. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the MAT in the form of an increase or decrease in employers' pension contributions over a period of years. The MAT thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the MAT's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

b. MATERIAL INVESTMENTS POLICY

It should be noted that the MAT has substantial power with regards to investments due to cash balances held. The MAT operates one bank account for all schools. Any excess cash balances are invested with the MAT's bankers on fixed-term time deposits of periods of less than one year, or through notice deposit accounts. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies, are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2018, £1,000,000 was held in a notice deposit account with Barclays Bank.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The MAT is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the MAT's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The MAT's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the MAT faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The trustees have assessed the major risks to which the MAT is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the MAT, and its finances. The trustees have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2018.

DRAPERS' MULTI-ACADEMY TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

a. FUNDRAISING ACTIVITIES/INCOME GENERATION

The MAT carries out a limited amount of fundraising, 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 are handled and monitored through the Trust's complaints procedure.

Plans for future periods

a. FUTURE DEVELOPMENTS

The MAT is currently undertaking an external governance review. The findings of this review will be used to further strengthen the governance of the MAT.

In 2018 the MAT has expanded its executive team by employing an interim CEO, HR Manager, Estates and Facilities Manager and Finance Director. Once this team is embedded, the long term strategic plan on the growth of the MAT will be progressed.

In the interim, close working relationships are being developed with the University Schools Trust (UST), for example a joint governance review and sharing of board members to explore possible merger opportunities.

FUNDS HELD AS CUSTODIAN

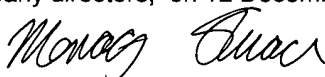
The MAT and its trustees did not act as custodian trustee during the current or previous period.

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.

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


Professor M Shiach
Chairman

DRAPERS' MULTI-ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Drapers' Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the 12 months period. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------|-------------------|-------------------|
| Prof M Shiach, Chairman | 5 | 5 |
| T Orchard | 5 | 5 |
| Prof M Watkinson | 1 | 3 |
| S Foakes | 4 | 5 |
| Prof V Davis | 4 | 5 |
| T Harris | 4 | 5 |
| D Sumner | 5 | 5 |
| J Morgan | 4 | 5 |
| P Beddows | 5 | 5 |
| K Piper | 2 | 5 |
| A Blunt | 2 | 2 |

REVIEW OF VALUE FOR MONEY

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the MAT 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 MAT'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 trust has delivered improved value for money during the year by:

- Further consolidating Support Services between schools
- Procuring consumable resources centrally to achieve improved discounts

Examples of steps taken to maximise income generation include:

- Making use of money deposits to earn income on balances held;
- Letting the premises to multiple groups;
- Establishing links with other organisations who could use the facilities available;
- Applying for additional grants.

DRAPERS' MULTI-ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Drapers' Multi-Academy Trust for the year ended 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 trust 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 on-going process for identifying, evaluating and managing the MAT's significant risks that has been in place for the year ended 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.

THE RISK AND CONTROL FRAMEWORK

The MAT'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 general purposes 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 not to appoint an internal auditor. However, the Trustees have appointed Landau Baker Limited, the external auditors, to perform additional checks.

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

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

On a semi-annual basis, Landau Baker reports to the Board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 external auditor and a plan to address weakness 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:



Professor M Shiach
Chair of Trustees



Bushra Nasir
accounting officer

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Drapers' Multi-Academy Trust 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.



Bushra Nasir
accounting officer

Date: 12 December 2018

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who act as governors of Drapers' Multi-Academy Trust and some of whom 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:



Professor M Shiach,
Chair of Trustees

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DRAPERS' MULTI-ACADEMY TRUST**

OPINION

We have audited the financial statements of Drapers' Multi-Academy Trust (the 'Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust'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 Trust 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DRAPERS' MULTI-ACADEMY TRUST**

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 including the Strategic 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Trust 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DRAPERS' MULTI-ACADEMY TRUST**

accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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

 for Landau Baker Limited

Michael Durst (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
12 December 2018

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DRAPERS' MULTI-ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 31 October 2011 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 Drapers' Multi-Academy Trust 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 Drapers' Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Drapers' Multi-Academy Trust 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 Drapers' Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF DRAPERS' MULTI-ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Drapers' Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 1 July 2014 and 17 March 2015, 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DRAPERS' MULTI-ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

- by staff or related parties.
- adherence to tendering policies.

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.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

12 December 2018

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

| | Note | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Restricted fixed asset funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|--|------|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 372 | - | 274 | 646 | 11,642 |
| Charitable activities | 3 | - | 12,876 | - | 12,876 | 12,475 |
| Other trading activities | 4 | 58 | 348 | - | 406 | 503 |
| Investments | 5 | 4 | - | - | 4 | 2 |
| TOTAL INCOME | | 434 | 13,224 | 274 | 13,932 | 24,622 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | | 400 | - | - | 400 | 231 |
| Charitable activities | | - | 14,205 | 1,006 | 15,211 | 14,224 |
| TOTAL EXPENDITURE | 8 | 400 | 14,205 | 1,006 | 15,611 | 14,455 |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 34 | (981) | (732) | (1,679) | 10,167 |
| Gains on revaluations of fixed assets | 17 | - | - | - | - | 2,128 |
| Actuarial gains on defined benefit pension schemes | 26 | - | 1,054 | - | 1,054 | 1,089 |
| NET MOVEMENT IN FUNDS | | 34 | 73 | (732) | (625) | 13,384 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 954 | (3,368) | 38,057 | 35,643 | 22,259 |
| TOTAL FUNDS CARRIED FORWARD | | 988 | (3,295) | 37,325 | 35,018 | 35,643 |

The notes on pages 26 to 50 form part of these financial statements.

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07035556

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £000 | 2018 £000 | 2017 £000 |
|--|------|----------------|----------------------|----------------------|
| FIXED ASSETS | | | | |
| Tangible assets | 17 | | 37,006 | 37,630 |
| CURRENT ASSETS | | | | |
| Stocks | 18 | - | | 38 |
| Debtors | 19 | 378 | | 1,134 |
| Cash at bank and in hand | | 1,799 | | 1,654 |
| | | <u>2,177</u> | | <u>2,826</u> |
| CREDITORS: amounts falling due within one year | 20 | (830) | | (986) |
| NET CURRENT ASSETS | | | <u>1,347</u> | <u>1,840</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>38,353</u> | <u>39,470</u> |
| Defined benefit pension scheme liability | 26 | | <u>(3,335)</u> | <u>(3,827)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>35,018</u></u> | <u><u>35,643</u></u> |
| FUNDS OF THE ACADEMY | | | | |
| Restricted income funds: | | | | |
| Restricted income funds | 21 | 40 | | 459 |
| Restricted fixed asset funds | 21 | 37,325 | | 38,057 |
| Restricted income funds excluding pension liability | | <u>37,365</u> | | <u>38,516</u> |
| Pension reserve | | <u>(3,335)</u> | | <u>(3,827)</u> |
| Total restricted income funds | | | <u>34,030</u> | <u>34,689</u> |
| Unrestricted income funds | 21 | | <u>988</u> | <u>954</u> |
| TOTAL FUNDS | | | <u><u>35,018</u></u> | <u><u>35,643</u></u> |

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:



Professor M Shiach
Chair of Trustees

The notes on pages 26 to 50 form part of these financial statements.

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

| | Note | 2018 £000 | 2017 £000 |
|--|------|--------------|--------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 23 | 253 | (63) |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 4 | 2 |
| Proceeds from the sale of tangible fixed assets | | 11 | - |
| Purchase of tangible fixed assets | | (396) | (5,975) |
| Capital grants from DfE Group | | 274 | 5,754 |
| Cash received on conversion and transfer to the trust | | - | 68 |
| Net cash used in investing activities | | (107) | (151) |
| Change in cash and cash equivalents in the year | | 146 | (214) |
| Cash and cash equivalents brought forward | | 1,654 | 1,868 |
| Cash and cash equivalents carried forward | 24 | 1,800 | 1,654 |

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

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.

Drapers' Multi-Academy Trust 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 Trust 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.

DRAPERS' MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

| | | |
|------------------------------------|---|--|
| Improvements to leasehold property | - | 2% |
| Long term leasehold property | - | 125 years |
| Furniture and equipment | - | 4 - 15% |
| Motor vehicles | - | 7 years |
| Computer equipment | - | 20% |
| Assets under construction | - | Not depreciated until brought into use |

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.

1.6 Revaluation of tangible fixed assets

The Trust has adopted the revaluation model to revalue items of property, plant and equipment whose fair value can be measured reliably. The revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair value of items of plant and machinery is usually their market value determined by appraisal.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity.

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 19. Prepayments are not financial instruments.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 20. 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.

1.12 Taxation

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

DRAPERS' MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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.

1.14 Agency arrangements

The academy trust acts as agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balance unspent is included in creditors due to the ESFA.

1.15 Fund accounting

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

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

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

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1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Trust 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Restricted fixed asset funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Private sponsorship and donations | 372 | - | - | 372 | 376 |
| Assets gifted on inclusion of Brookside Infant School | - | - | - | - | 3,046 |
| Capital grants | - | - | 274 | 274 | 5,754 |
| Assets transferred from Pyrgo Priory Academy Trust | - | - | - | - | 2,466 |
| | 372 | - | 274 | 646 | 11,642 |
| Total 2017 | 355 | (1,341) | 12,628 | 11,642 | |

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Drapers Multi Academy Trust

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|--------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| DfE/ESFA grants | | | | |
| GAG | - | 10,923 | 10,923 | 10,807 |
| Other ESFA grants | - | 1,219 | 1,219 | 1,010 |
| | <u>-</u> | <u>12,142</u> | <u>12,142</u> | <u>11,817</u> |
| Other government grants | | | | |
| Other government grants | - | 734 | 734 | 658 |
| | <u>-</u> | <u>734</u> | <u>734</u> | <u>658</u> |
| | <u>-</u> | <u>12,876</u> | <u>12,876</u> | <u>12,475</u> |
| <i>Total 2017</i> | <u>-</u> | <u>12,475</u> | <u>12,475</u> | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|--------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Lettings income | 26 | 5 | 31 | 34 |
| Trip income | - | 27 | 27 | 30 |
| Restaurant sales | - | 211 | 211 | 181 |
| Other income | 18 | 99 | 117 | 201 |
| Teaching training income | 14 | 6 | 20 | 57 |
| | <u>58</u> | <u>348</u> | <u>406</u> | <u>503</u> |
| <i>Total 2017</i> | <u>97</u> | <u>406</u> | <u>503</u> | |

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5. INVESTMENT INCOME

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Total funds 2018 £000 | Total funds 2017 £000 |
|-------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Bank interest | 4 | - | 4 | 2 |
| | <u>4</u> | <u>-</u> | <u>4</u> | <u>2</u> |
| <i>Total 2017</i> | <u>2</u> | <u>-</u> | <u>2</u> | |

6. DIRECT COSTS

| | Educational operations £000 | Total 2018 £000 | Total (As restated) 2017 £000 |
|---------------------------------|-----------------------------------|-----------------------|--|
| Books, apparatus and stationery | 589 | 589 | 625 |
| Examination fees | 89 | 89 | 63 |
| Staff development | 122 | 122 | 123 |
| Other direct costs | 7 | 7 | 10 |
| Supply teacher costs | 467 | 467 | 530 |
| Wages and salaries | 6,914 | 6,914 | 6,469 |
| National insurance | 727 | 727 | 646 |
| Pension cost | 1,132 | 1,132 | 1,065 |
| | <u>10,047</u> | <u>10,047</u> | <u>9,531</u> |
| <i>Total 2017</i> | <u>9,531</u> | <u>9,531</u> | |

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7. SUPPORT COSTS

| | Educational operations £000 | Total 2018 £000 | Total (As restated) 2017 £000 |
|---------------------------------------|-----------------------------------|-----------------------|--|
| Pension finance cost | 102 | 102 | 97 |
| Pupil recruitment and support | 217 | 217 | 146 |
| Maintenance of premises and equipment | 227 | 227 | 241 |
| Cleaning | 207 | 207 | 197 |
| Rent and rates | 83 | 83 | 70 |
| Heat and light | 202 | 202 | 159 |
| Insurance | 65 | 65 | 60 |
| Security | 88 | 88 | 85 |
| Transport | 13 | 13 | 16 |
| Catering | 377 | 377 | 307 |
| Technology costs | 307 | 307 | 254 |
| Other support costs | 274 | 274 | 246 |
| Governance costs | 134 | 134 | 92 |
| Wages and salaries | 1,082 | 1,082 | 921 |
| National insurance | 95 | 95 | 81 |
| Pension cost | 685 | 685 | 512 |
| Depreciation | 1,006 | 1,006 | 1,209 |
| | <u>5,164</u> | <u>5,164</u> | <u>4,693</u> |
| <i>Total 2017</i> | <u>4,693</u> | <u>4,693</u> | |

8. EXPENDITURE

| | Staff costs 2018 £000 | Premises 2018 £000 | Other costs 2018 £000 | Total 2018 £000 | Total (As restated) 2017 £000 |
|-------------------------|-----------------------------|--------------------------|-----------------------------|-----------------------|--|
| Raising funds | | | | | |
| Direct costs | 32 | - | 368 | 400 | 231 |
| Support costs | - | - | - | - | - |
| Educational operations: | | | | | |
| Direct costs | 9,240 | - | 807 | 10,047 | 9,531 |
| Support costs | 1,861 | 1,377 | 1,926 | 5,164 | 4,693 |
| | <u>11,133</u> | <u>1,377</u> | <u>3,101</u> | <u>15,611</u> | <u>14,455</u> |
| <i>Total 2017</i> | <u>10,284</u> | <u>1,341</u> | <u>2,830</u> | <u>14,455</u> | |

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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

| | Activities undertaken directly 2018 £000 | Support costs 2018 £000 | Total 2018 £000 | Total 2017 £000 |
|------------------------|--|----------------------------------|-----------------------|-----------------------|
| Educational operations | 10,047 | 5,164 | 15,211 | 14,224 |
| <i>Total 2017</i> | 9,531 | 4,693 | 14,224 | |

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Depreciation of tangible fixed assets: - owned by the charity | 1,006 | 1,209 |

11. AUDITORS' REMUNERATION

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Fees payable to the Trust's auditor in respect of: | | |
| The auditing of accounts of the Trust | 22 | 20 |
| All other non-audit services not included above | 3 | 2 |

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**NOTES TO THE FINANCIAL STATEMENTS
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12. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 £000 | 2017 £000 |
|--|----------------------|----------------------|
| Wages and salaries | 8,028 | 7,450 |
| Social security costs | 821 | 727 |
| Operating costs of defined benefit pension schemes | 1,817 | 1,577 |
| | <u>10,666</u> | <u>9,754</u> |
| Agency staff costs | 467 | 530 |
| | <u><u>11,133</u></u> | <u><u>10,284</u></u> |

b. Staff numbers

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

| | 2018 No. | 2017 No. |
|----------------------------|-------------|-------------|
| Teachers | 119 | 116 |
| Administration and support | 184 | 184 |
| Management | 11 | 11 |
| | <u>314</u> | <u>311</u> |

Average headcount expressed as a full time equivalent:

| | 2018 No. | 2017 No. |
|----------------------------|-------------|-------------|
| Teachers | 121 | 119 |
| Administration and support | 128 | 127 |
| Management | 11 | 11 |
| | <u>260</u> | <u>257</u> |

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12. STAFF COSTS (continued)

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 | 6 | 2 |
| In the band £70,001 - £80,000 | 1 | 1 |
| In the band £80,001 - £90,000 | 3 | 2 |
| In the band £100,001 - £110,000 | 2 | 2 |

The above staff were members of the Teachers' Pension Scheme and contributions amounting to £112,180 (2017: £76,554) were paid by the academy during the year.

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,007,266 (2017: £937,264).

13. CENTRAL SERVICES

The Trust has provided the following central services to its academies during the year:

- Professional and marketing services

The Trust charges for these services on the following basis:

Services have been provided at cost.

The actual amounts charged during the year were as follows:

| | 2018 £000 | 2017 £000 |
|----------------------------------|-------------------|-------------------|
| Drapers' Academy | 457 | 458 |
| Drapers' Brookside Junior School | 79 | 67 |
| Drapers' Maylands Primary School | 53 | 54 |
| Drapers' Brookside Infant School | 48 | 55 |
| Drapers' Pyrgo Priory School | 87 | 20 |
| | <u>724</u> | <u>654</u> |
| Total | <u><u>724</u></u> | <u><u>654</u></u> |

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14. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £135 to 1 Trustee).

15. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

16. PENSION FINANCE COST

| | 2018 | 2017 |
|--|--------------|--------------|
| | £000 | £000 |
| Interest income on pension scheme assets | 120 | 90 |
| Interest on pension scheme liabilities | (222) | (187) |
| | (102) | (97) |

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**NOTES TO THE FINANCIAL STATEMENTS
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17. TANGIBLE FIXED ASSETS

| | Leasehold property £000 | Furniture and fixtures £000 | Plant and equipment £000 | Total £000 |
|--------------------------|-------------------------------|-----------------------------------|--------------------------------|---------------|
| Cost or valuation | | | | |
| At 1 September 2017 | 37,559 | 153 | 5,441 | 43,153 |
| Additions | 96 | 38 | 262 | 396 |
| Disposals | - | - | (21) | (21) |
| At 31 August 2018 | <u>37,655</u> | <u>191</u> | <u>5,682</u> | <u>43,528</u> |
| Depreciation | | | | |
| At 1 September 2017 | 2,236 | 14 | 3,273 | 5,523 |
| Charge for the year | 565 | 35 | 406 | 1,006 |
| On disposals | - | - | (7) | (7) |
| At 31 August 2018 | <u>2,801</u> | <u>49</u> | <u>3,672</u> | <u>6,522</u> |
| Net book value | | | | |
| At 31 August 2018 | <u>34,854</u> | <u>142</u> | <u>2,010</u> | <u>37,006</u> |
| At 31 August 2017 | <u>35,323</u> | <u>139</u> | <u>2,168</u> | <u>37,630</u> |

The leasehold property includes the leasehold of Drapers' Brookside Junior School which was revalued on 1 September 2016 by the District Valuation Service at £3,728,000, on a replacement cost basis, and the surplus on revaluation of £2,128,000 has been included in the fixed asset fund. This property had been brought into the academy trust on conversion to academy status on 1 July 2014 at trustees' valuation of £1,600,000. The trustees' consider that there has been no material change in the value of this leasehold.

18. STOCKS

| | 2018 £000 | 2017 £000 |
|-----------------------|--------------|--------------|
| Uniform stock | - | 22 |
| Educational materials | - | 16 |
| | <u>-</u> | <u>38</u> |

DRAPERS' MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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19. DEBTORS

| | 2018 | 2017 |
|--------------------------------|-------------|--------------|
| | £000 | £000 |
| Trade debtors | 6 | 36 |
| Other debtors | 108 | 553 |
| Prepayments and accrued income | 156 | 171 |
| Tax recoverable | 108 | 374 |
| | <u>378</u> | <u>1,134</u> |

20. CREDITORS: Amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|-------------|-------------|
| | £000 | £000 |
| Trade creditors | 284 | 56 |
| Other taxation and social security | 198 | 185 |
| Other creditors | 2 | 279 |
| Accruals and deferred income | 346 | 466 |
| | <u>830</u> | <u>986</u> |

| | 2018 | 2017 |
|--------------------------------------|-------------|-------------|
| | £000 | £000 |
| Deferred income | | |
| Deferred income at 1 September 2017 | 120 | 59 |
| Resources deferred during the year | 100 | 120 |
| Amounts released from previous years | (120) | (59) |
| Deferred income at 31 August 2018 | <u>100</u> | <u>120</u> |

At the balance sheet date the academy trust was holding ESFA funds received in advance.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS

| | Balance at 1 September 2017 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2018 £000 |
|---|--|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General funds - other | 794 | 97 | (36) | 130 | - | 985 |
| Sponsor funded account | 160 | 337 | (364) | (130) | - | 3 |
| | <u>954</u> | <u>434</u> | <u>(400)</u> | <u>-</u> | <u>-</u> | <u>988</u> |
| Restricted funds | | | | | | |
| Restricted Funds - all funds | 227 | 12,149 | (12,346) | - | - | 30 |
| Pupil premium | 183 | 867 | (1,040) | - | - | 10 |
| SEN | 49 | 208 | (257) | - | - | - |
| Pension reserve | (3,827) | - | (562) | - | 1,054 | (3,335) |
| | <u>(3,368)</u> | <u>13,224</u> | <u>(14,205)</u> | <u>-</u> | <u>1,054</u> | <u>(3,295)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds - all funds | 38,057 | 274 | (1,006) | - | - | 37,325 |
| Total restricted funds | <u>34,689</u> | <u>13,498</u> | <u>(15,211)</u> | <u>-</u> | <u>1,054</u> | <u>34,030</u> |
| Total of funds | <u>35,643</u> | <u>13,932</u> | <u>(15,611)</u> | <u>-</u> | <u>1,054</u> | <u>35,018</u> |

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

| | Total 2018 £000 | <i>Total 2017 £000</i> |
|---|--------------------------------|--------------------------------|
| Drapers' Academy | 718 | 1,080 |
| Drapers' Brookside Junior School | 226 | 134 |
| Drapers' Maylands Primary School | 119 | 140 |
| Drapers' Brookside Infant School | (36) | 6 |
| Drapers' Pyrgo Priory School | (39) | 9 |
| Held centrally | 40 | 44 |
| | <hr/> | <hr/> |
| Total before fixed asset fund and pension reserve | 1,028 | 1,413 |
| Restricted fixed asset fund | 37,325 | 38,057 |
| Pension reserve | (3,335) | (3,827) |
| | <hr/> | <hr/> |
| Total | <u>35,018</u> | <u>35,643</u> |

The following academies are carrying net deficits on their portion of the funds as follows:

| Name of academy | Amount of deficit £000 |
|----------------------------------|-----------------------------------|
| Drapers' Brookside Infant School | 36 |
| Drapers' Pyrgo Priory School | 39 |

Drapers' Brookside Infant School converted to academy status and joined the trust on 1 September 2016 and Draper's Pyrgo Priory School was transferred into the trust on the same date. Both these schools required extra resources in order to improve standards.

The Trust is taking the following action to return the academies to surplus:

The trust has carried out staff reviews and restructured where necessary to improve efficiency.

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21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

| | Teaching and educational support staff costs £000 | Other support staff costs £000 | Educational supplies £000 | Other costs excluding depreciation £000 | Total 2018 £000 | Total 2017 £000 |
|-------------------------------------|--|---|---------------------------------|--|-----------------------|-----------------------|
| Drapers' Academy | 4,777 | 835 | 1,100 | 687 | 7,399 | 7,149 |
| Drapers' Brookside Junior School | 837 | 172 | 97 | 177 | 1,283 | 1,376 |
| Drapers' Maylands Primary School | 510 | 100 | 78 | 222 | 910 | 644 |
| Drapers' Brookside Infant School | 913 | 189 | 84 | 148 | 1,334 | 1,337 |
| Drapers' Pyrgo Priory School | 2,060 | 329 | 176 | 250 | 2,815 | 2,739 |
| Held centrally | 175 | 237 | 124 | 328 | 864 | - |
| | <u>9,272</u> | <u>1,862</u> | <u>1,659</u> | <u>1,812</u> | <u>14,605</u> | <u>13,245</u> |

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2017 £000 |
|---------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| General funds | | | | | | |
| General funds - other | 756 | 99 | (61) | - | - | 794 |
| Sponsor funded account | 31 | 355 | (170) | (56) | - | 160 |
| | <u>787</u> | <u>454</u> | <u>(231)</u> | <u>(56)</u> | <u>-</u> | <u>954</u> |
| Restricted funds | | | | | | |
| Restricted Funds - all funds | (162) | 11,931 | (11,598) | 56 | - | 227 |
| Pupil premium | 167 | 831 | (815) | - | - | 183 |
| SEN | 21 | 208 | (180) | - | - | 49 |
| Pension reserve | (3,064) | (1,430) | (422) | - | 1,089 | (3,827) |
| | <u>(3,038)</u> | <u>11,540</u> | <u>(13,015)</u> | <u>56</u> | <u>1,089</u> | <u>(3,368)</u> |

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

Restricted fixed asset funds

| | | | | | | |
|--|--------|--------|----------|---|-------|--------|
| Restricted Fixed Asset Funds - all funds | 24,510 | 12,628 | (1,209) | - | 2,128 | 38,057 |
| Total of funds | 22,259 | 24,622 | (14,455) | - | 3,217 | 35,643 |

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2018 £000 |
|--|--|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General funds - other | 756 | 196 | (97) | 130 | - | 985 |
| Sponsor funded account | 31 | 692 | (534) | (186) | - | 3 |
| | 787 | 888 | (631) | (56) | - | 988 |
| Restricted funds | | | | | | |
| Restricted Funds - all funds | (162) | 24,080 | (23,944) | 56 | - | 30 |
| Pupil premium | 167 | 1,698 | (1,855) | - | - | 10 |
| SEN | 21 | 416 | (437) | - | - | - |
| Pension reserve | (3,064) | (1,430) | (984) | - | 2,143 | (3,335) |
| | (3,038) | 24,764 | (27,220) | 56 | 2,143 | (3,295) |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds - all funds | 24,510 | 12,902 | (2,215) | - | 2,128 | 37,325 |
| | 21,472 | 37,666 | (29,435) | 56 | 4,271 | 34,030 |
| Total of funds | 22,259 | 38,554 | (30,066) | - | 4,271 | 35,018 |

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**NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 £000 | Restricted funds 2018 £000 | Restricted fixed asset funds 2018 £000 | Total funds 2018 £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets | - | - | 37,006 | 37,006 |
| Current assets | 988 | 870 | 319 | 2,177 |
| Creditors due within one year | - | (830) | - | (830) |
| Provisions for liabilities and charges | - | (3,335) | - | (3,335) |
| | <u>988</u> | <u>(3,295)</u> | <u>37,325</u> | <u>35,018</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Total funds 2017 £000 |
|--|---------------------------------------|-------------------------------------|--|--------------------------------|
| Tangible fixed assets | - | - | 37,630 | 37,630 |
| Current assets | 954 | 1,445 | 427 | 2,826 |
| Creditors due within one year | - | (986) | - | (986) |
| Provisions for liabilities and charges | - | (3,827) | - | (3,827) |
| | <u>954</u> | <u>(3,368)</u> | <u>38,057</u> | <u>35,643</u> |

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

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (1,679) | 10,167 |
| Adjustment for: | | |
| Depreciation charges | 1,006 | 1,209 |
| Dividends, interest and rents from investments | (4) | (2) |
| Loss on the sale of fixed assets | 4 | - |
| Decrease/(increase) in stocks | 38 | (38) |
| Decrease/(increase) in debtors | 756 | (722) |
| (Decrease)/increase in creditors | (156) | 167 |
| Capital grants from DfE and other capital income | (274) | (5,754) |
| Defined benefit pension scheme cost less contributions payable | 460 | 325 |
| Defined benefit pension scheme finance cost | 102 | 97 |
| Net gain on assets and liabilities from local authority on conversion | - | (3,046) |
| Assets transferred from an academy trust company | - | (2,466) |
| Net cash provided by/(used in) operating activities | <u>253</u> | <u>(63)</u> |

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24. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 | 2017 |
|--------------|--------------|--------------|
| | £000 | £000 |
| Cash in hand | 1,800 | 1,654 |
| Total | 1,800 | 1,654 |

25. CAPITAL COMMITMENTS

At 31 August 2018 the Trust had capital commitments as follows:

| | 2018 | 2017 |
|---|-------------|-------------|
| | £000 | £000 |
| Contracted for but not provided in these financial statements | - | 154 |

26. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Havering Pension Fund. 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 August 2018.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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26. PENSION COMMITMENTS (continued)

- 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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £776,597 (2017 - £629,515).

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 £734,000 (2017 - £667,000), of which employer's contributions totalled £588,000 (2017 - £532,000) and employees' contributions totalled £146,000 (2017 - £135,000). The agreed contribution rates for future years are 20.1% for employers and between 5.5% and 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.

London Borough of Havering Pension Scheme

Principal actuarial assumptions:

| | 2018 | 2017 |
|--|---------------|---------------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 2.60 % | 2.70 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.40 % |

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26. 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 | 22.0 | 22.0 |
| Females | 24.2 | 24.2 |
| Retiring in 20 years | | |
| Males | 23.9 | 23.9 |
| Females | 26.3 | 26.3 |

| | At 31 August 2018 £000 | At 31 August 2017 £000 |
|-----------------------------|------------------------------|------------------------------|
| Sensitivity analysis | | |
| Discount rate -0.1% | 408 | 139 |
| CPI rate +0.1% | 161 | 80 |

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

| | Fair value at 31 August 2018 £000 | Fair value at 31 August 2017 £000 |
|-------------------------------------|--|--|
| Equities | 2,781 | 3,329 |
| Bonds | 1,498 | 754 |
| Property | 427 | 266 |
| Cash and other liquid assets | 642 | 89 |
| Total market value of assets | 5,348 | 4,438 |

The actual return on scheme assets was £105,000 (2017 - £(59,000)).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2018 £000 | 2017 £000 |
|---------------------------------------|----------------|--------------|
| Current service cost | (1,048) | (857) |
| Interest income | 120 | 90 |
| Interest cost | (222) | (187) |
| Total | (1,150) | (954) |
| Actual return on scheme assets | 105 | (59) |

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26. PENSION COMMITMENTS (continued)

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

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Opening defined benefit obligation | 8,265 | 5,764 |
| Upon conversion | - | 1,194 |
| Transferred in on existing academies joining the trust | - | 1,536 |
| Current service cost | 1,048 | 857 |
| Interest cost | 222 | 187 |
| Employee contributions | 146 | 135 |
| Actuarial gains | (950) | (1,371) |
| Benefits paid | (48) | (37) |
| | <u>8,683</u> | <u>8,265</u> |
| Closing defined benefit obligation | <u>8,683</u> | <u>8,265</u> |

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

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Opening fair value of scheme assets | 4,438 | 2,700 |
| Upon conversion | - | 577 |
| Transferred in on existing academies joining the trust | - | 723 |
| Interest income | 120 | 90 |
| Actuarial (losses)/gains | 104 | (282) |
| Employer contributions | 588 | 532 |
| Employee contributions | 146 | 135 |
| Benefits paid | (48) | (37) |
| | <u>5,348</u> | <u>4,438</u> |
| Closing fair value of scheme assets | <u>5,348</u> | <u>4,438</u> |

27. MEMBERS' LIABILITY

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

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28. 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.

A governor on the local governing body of one of the academies donated £17,500 to the academy in the year. Gift Aid of £4,375 was claimed and the total spent during the year was on library resources.

29. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £13,517 (2017: £15,019) and disbursed £11,332 (2017: £10,595) from the fund. An amount of £5,182 (2017: £3,673) is included in other creditors relating to undistributed funds that are repayable to the ESFA.