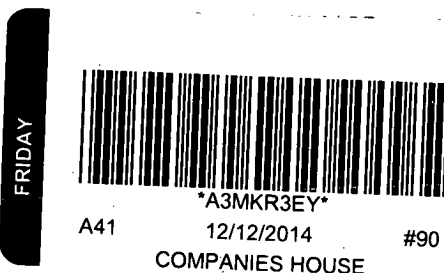


Company Registration No. 07393519 (England and Wales)

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

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**



# **DARRICK WOOD SCHOOL**

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# DARRICK WOOD SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors

Ms L-A Avis  
Mr P Cook  
Mr A Duckworth  
Mr J Goatcher (Chairman of Finance Committee after January 2014) \*  
Mr M Green  
Mr W Harris  
Mrs J Hewitt \*  
Mr M Hewitt (Chairman) \*  
Mr C Hitchins (Chairman of Finance Committee until January 2014) \*  
Mr M King \*  
Dr M Michalski  
Mr D Morrell (Until April 2014) \*  
Mrs K Morris  
Mr I Park  
Mrs M Piper-Killick  
Mrs B Rhymaun (Executive Head Teacher) \*  
Mr T Springett  
Mr A Thompson  
Mr J Tuck  
Mr R Voyce  
Mr D Wilcox (Vice Chairman) \*

\* members of the Finance Committee

### Members

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

### Senior management team

- Executive Head Teacher
- Head of School
- Deputy Head Teacher
- Deputy Head Teacher
- Business Manager

Mrs B Rhymaun  
Dr M Airey  
Mr K Elliott  
Ms C Wilson-Hooper (Appointed January 2014)  
Mr W Toth

### Company Secretary

Mrs A Carey

### Company registration number

07393519 (England and Wales)

### Registered office

Lovibonds Avenue  
Orpington  
Kent  
BR6 8ER

# **DARRICK WOOD SCHOOL**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Independent auditor**

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

### **Bankers**

Barclays Corporate Bank  
73 Tweedy Road  
Donegal House  
Bromley  
Kent  
BR1 1RG

HSBC Bank Plc  
184 High Street  
Bromley  
Kent  
BR1 1HE

### **Solicitors**

Ms S McCullough  
Legal Democratic and Customer Service  
London Borough of Bromley  
Civic Centre  
Stockwell Close  
Bromley  
BR1 3UH

### **Surveyors**

Academy Consulting Solutions Ltd  
Academy House  
27 Forest Road  
Tunbridge Wells  
TN2 5AL

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT**

### ***FOR THE YEAR ENDED 31 AUGUST 2014***

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The Governors (Trustees) present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2013 to 31 August 2014. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, and the Statement of Recommended Practice. "Accounting and Reporting by Charities", issued in March 2005, and the Annual Accounts Direction 2013/14 issued by the Education Funding Agency.

The trust operates an academy for pupils aged 11-18 serving a catchment area in the London Borough of Bromley. It had a roll of 1691, including 373 in the Sixth Form, in the school census, October 2013.

#### Principal activities

The principal activity of the charitable company during the year was the educational provision of teaching and learning to students of different abilities between the ages of 11 and 18.

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

##### Constitution

The charitable company is a company limited by guarantee

The Governors (Trustees), who are also the directors for the purpose of company law, and who served during the period were:

Ms L-A Avis  
Mr P Cook  
Mr A Duckworth  
Mr J Goatcher  
Mr M Green  
Mr W Harris  
Mrs J Hewitt  
Mr M Hewitt (Chairman)  
Mr C Hitchins  
Mr M King  
Dr M Michalski  
Mr D Morrell  
Mrs K Morris  
Mr I Park  
Mrs M Piper-Killick  
Mrs B Rhymaun (Executive Head Teacher)  
Mr T Springett  
Mr A Thompson  
Mr J Tuck  
Mr R Voyce  
Mr D Wilcox (Vice Chairman)

The Academy is a company limited by guarantee with no share capital (registration no 07393519) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. Members of the charitable company are nominated by the Trust Members, parents /carers of the students, members of staff and the local authority. The Articles of Association require the members of the charitable company to appoint five governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2014**

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#### Members' liability

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

#### Governors' indemnities

The governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

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

The Governors, who were in office at 31 August 2014 or served during the year, are listed on page 1.

During the year under review the governors held 3 full meetings, and governors visited on the 22nd January 2014 to observe teaching and learning in a range of classrooms. The work of the governing body is facilitated by its structure of committees.

#### Trustees' indemnities

No third party indemnity provisions have been provided.

#### Method of recruitment and appointment or election of Governors

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

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

There was a full day's training event (11th June 2014) covering issues relevant to the School's improvement plans. Newly appointed governors receive induction training (13th June 2014) on relevant educational, legal and financial matters. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as governors.

#### Organisational structure

The structure consists of four levels: the Governors, the Executive Head Teacher, a Head of School, two Deputy Head Teachers, and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

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

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

#### Connected organisations including related party relationships

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

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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### **Objectives and Activities**

#### Objects and aims

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

Customer goal (Cus)	To be a school which children and their parents are eager to choose.
Curriculum goal (Cur)	To provide all students with the appropriate qualifications, skills and values to equip them for life.
Community goal (Com)	To take pride in the School and feel responsible for its success.
Quality goal (Qual)	To strive for the highest possible standards in all aspects of school life.

The school community has agreed values: respect, honesty and responsibility. These permeate the day-to-day work of the School.

#### Objectives, strategies and activities

The School development plan identified ten objectives for 2013 - 2014:

- To increase the number of A\*/A grades at GCSE (Cus1)
- To raise the achievement of pupils entitled to free school meals and those looked after (Cus2)
- To reduce inconsistency in Advanced Level examination results between subjects (Cus3)
- To increase the percentage of A\*/B grades at Advanced Level and increase this priority in departments (Cus4)
- To ensure departments are prepared for the changes to the Advanced Level examination system (Cus5)
- To develop writing skills in all subjects (Cur1)
- To improve the reading skills of targeted pupils (Cur 2)
- To increase the use of e-learning (Cur 3)
- To improve opportunities for able, gifted and talented pupils (Com1)
- To increase the number of outstanding teachers and leaders (Qual1)

Additionally, the School sought to extend its accommodation.

Regular and rigorous school self-evaluation is used to ensure that the school continues to be outstanding when compared with other schools. The school values the views of its students through the operation of its School Council and the work of the Teaching and Learning Council, the Technology Council, the Frog Council, the Eco Council and the Sports Council.

#### Public benefit

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

### **Strategic report**

#### Achievements and performance

Examination results continue to be outstanding. GCSE results show 77% of students achieving 5 or more A\*-C GCSE grades including English and Mathematics (compared with 60% nationally in 2013). 47% of pupils gained the Educational Baccalaureate (compared with 22% nationally in 2013). These are the two key performance indicators set by the government.

The A level results were the best in the School's history with students achieving an average points score of 350 (UCAS). 52% of entries achieved an A\*, A or B grade and 41 out of the 42 subjects available achieved 100% pass rate.

# DARRICK WOOD SCHOOL

## GOVERNORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

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#### Key performance indicators

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

- The allocation of resources has promoted the aims and values of the School, improved standards and the quality of provisions to meet the needs of all pupils.
- Competitive purchasing procedures have secured the best value for money.
- A new teaching block of 3 classrooms has been completed.
- Ensured the financial position remains positive in spite of substantial cuts in government funding.
- Students' standards of attainment are very high and improving.
- The quality of teaching is outstanding.
- Overall School attendance at 96.3% remains high compared with the national average of 94.1% in 2012-13.
- No student was permanently excluded (0.14% nationally).
- Fixed term exclusions at 0.28% contrast with 7.98% of pupil group nationally.

#### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the accounts.

#### **Financial review**

The majority of the Academy's income derives from central government funding via the EFA (Education Funding Agency), in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the 12 month period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the 12 month period ended 31 August 2014, total expenditure (excluding depreciation) of £9,605k was more than covered by recurrent grant funding from the EFA together with other incoming resources of £10,261k. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £656k.

At 31 August 2014 the net book value of fixed assets was £11,572k and movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

#### Financial Position

The Academy held fund balances at 31 August 2014 of £11,272k with £11,572k as a fixed asset fund not available for spending, representing as it does the book value tied up in fixed assets. In common with other academies and with Local Authorities, our share of the LGPS fund is deficit. In our case this has been measured by independent actuaries at £830k. Funds available for future spending at 31 August 2014 amounted to £530k comprising £187k of restricted funds and £343k of unrestricted general funds.

#### Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £738k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves available for spending (total funds less the amount held in fixed asset fund and LLGPS fund) is £530k.

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



# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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### Investment policy and powers

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

### Principal risks and uncertainties

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

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

### Statement on the System of Internal Financial Control

As Governors, we acknowledge we have overall responsibility for ensuring that Darrick Wood School has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

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

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

Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;

- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment guidelines).
- Delegation of authority and segregation of duties;
- Identification and management of risks.

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2014**

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

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

#### Equal opportunities policy

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

#### Disabled persons

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

#### **Plans for future periods**

The School Development Plan 2014-2017 reflects the Schools' four corporate goals. There are nine objectives:

- To ensure more able boys narrow the gap in attainment between them and the girls (Cus1)
- To close the achievement gap between pupil premium and non-pupil premium pupils (Cus2)
- To raise achievement in the Sixth Form (Cus3)
- To develop writing skills in all subjects including spelling, punctuation and grammar (Cur1)
- To improve the reading skills of targeted pupils (Cur2)
- To use the latest technologies to enhance learning and communication (Cur3)
- To prepare for changes to the curriculum (Cur4)
- To develop students as leaders (Com1)
- To increase the numbers of outstanding teachers and leaders (Qual1).

# **DARRICK WOOD SCHOOL**

## **GOVERNORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2014***

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### **Auditor**

Insofar as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 25 November 2014 and signed on its behalf by:



Mr M Hewitt  
Chairman

# DARRICK WOOD SCHOOL

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### Scope of responsibility

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

The Board of Governors has delegated the day-to-day responsibility to Mrs B Rhymaun, the Executive Head Teacher, as Accounting Officer for ensuring financial controls conform with the requirement of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Darrick Wood School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

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

Governors	Meetings attended	Out of possible
Ms L-A Avis	0	3
Mr P Cook	1	1
Mr A Duckworth	1	3
Mr J Goatcher (Chairman of Finance Committee after January 2014)	3	3
Mr M Green	3	3
Mr W Harris	3	3
Mrs J Hewitt	3	3
Mr M Hewitt (Chairman)	3	3
Mr C Hitchins (Chairman of Finance Committee until January 2014)	3	3
Mr M King	2	3
Dr M Michalski	2	2
Mr D Morrell (Until April 2014)	2	2
Mrs K Morris	2	3
Mr I Park	3	3
Mrs M Piper-Killick	3	3
Mrs B Rhymaun (Executive Head Teacher)	3	3
Mr T Springett	3	3
Mr A Thompson	1	3
Mr J Tuck	3	3
Mr R Voyce	1	3
Mr D Wilcox (Vice Chairman)	3	3

# DARRICK WOOD SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2014

All governors between formal Governors' meetings have offered advice and guidance based upon their own specialist expertise and conscientiously attended sub-committee meetings. The committee structure is simple in order to allow all governors to hold the School to account and, where necessary to challenge the School.

It comprises a Finance Committee, Staff Dismissal and Appeals Committees, Salary and Appeals Committees, Admissions Committee, Pupil Discipline Committee, and the Executive Head Teacher's Performance Review Committee. In addition there are some working groups e.g. on health and safety.

Mr P Cook replaced Mr D Morrell as a Teaching Staff Governor in April 2014 after Mr Morrell's term of office came to an end. Dr Michalski's term of office ended in May 2014. Mr Voyce retired from the role of Responsible Officer in December 2013 and, following a high recommendation, was replaced by Mr T. Gaston.

Mr Hitchins retired from the role of Chairman of the Finance Committee in January 2014 following over 25 years distinguished service in this role. Mr Goatcher was elected to Chair the Finance Committee.

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

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

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to assist and support the Governing Body, ensuring sound oversight is exercised over the management of the Academy's finances and resources. It also fulfills the role of Audit Committee. Attendance at meetings in the year was as follows:

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mr J Goatcher (Chairman of Finance Committee after January 2014)	9	10
Mrs J Hewitt	9	10
Mr M Hewitt (Chairman)	7	10
Mr C Hitchins (Chairman of Finance Committee until January 2014)	3	3
Mr M King	5	10
Mr D Morrell (Until April 2014)	3	5
Mrs B Rhymaun (Executive Head Teacher)	9	10
Mr D Wilcox (Vice Chairman)	9	10

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Darrick Wood School for the period 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements.

# **DARRICK WOOD SCHOOL**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr T Gaston, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a regular basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

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

### **Review of effectiveness**

As Accounting Officer Mrs B Rhymaun has responsibility for reviewing the effectiveness of the system of internal control. During the period ended 31 August 2014 the review has been informed by:

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

# **DARRICK WOOD SCHOOL**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2014**

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

Approved by order of the Board of Governors on 25 November 2014 and signed on its behalf by:



Mr M Hewitt  
Chairman



Mrs B Rhymaun  
Executive Head Teacher

# **DARRICK WOOD SCHOOL**

## **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2014**

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As accounting officer of Darrick Wood School I have considered my responsibility to notify the academy trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Approved on 25 November 2014 and signed by:



Mrs B Rhymaun  
Accounting Officer



# DARRICK WOOD SCHOOL

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The Governors (who act as trustees for Darrick Wood School and are also the directors of Darrick Wood School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts 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 accounts, the Governors are required to:

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

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the Board of Governors on 25 November 2014 and signed on its behalf by:



Mr M Hewitt  
Chairman

# **DARRICK WOOD SCHOOL**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF DARRICK WOOD SCHOOL**

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We have audited the accounts of Darrick Wood School for the year ended 31 August 2014 set out on pages 20 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 issued by the EFA.

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

#### **Respective responsibilities of Governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 15, the Governors, who are also the directors of Darrick Wood School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

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

#### **Scope of the audit of the accounts**

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

#### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 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 in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

# **DARRICK WOOD SCHOOL**

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

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

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

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

**David John Walsh FCCA (Senior Statutory Auditor)**  
**Baxter & Co**

**Chartered Certified Accountants**  
**Statutory Auditor**

Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated: 9 December 2014

# **DARRICK WOOD SCHOOL**

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

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In accordance with the terms of our engagement letter dated 01 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Darrick Wood School during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Darrick Wood School's funding agreement with the Secretary of State for Education dated 30 November 2010 (as varied by deed on 15 January 2013) and the Academies Financial Handbook, extant from 1 September 2013, 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 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 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 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the work of the Responsible Officer.

# **DARRICK WOOD SCHOOL**

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

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### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**David John Walsh FCCA**  
**For and on behalf of Baxter & Co**  
**Reporting Accountant**  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated: 09 December 2014

# DARRICK WOOD SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2014

		Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Total 2014 £'000	Total 2013 £'000
<b><u>Incoming resources</u></b>	<b>Notes</b>					
<i>Resources from generated funds</i>						
- Voluntary income	2	33	363	-	396	363
- Investment income	3	2	-	-	2	4
<i>Resources from charitable activities</i>						
- Funding for educational operations	4	6	9,857	33	9,896	9,357
<b>Total incoming resources</b>		<b>41</b>	<b>10,220</b>	<b>33</b>	<b>10,294</b>	<b>9,724</b>
<b><u>Resources expended</u></b>						
<i>Costs of generating funds</i>						
- Relating to voluntary income	5	-	357	-	357	284
<i>Charitable activities</i>						
- Educational operations	6	-	9,216	550	9,766	9,685
Governance costs	7	-	32	-	32	48
<b>Total resources expended</b>	<b>5</b>	<b>-</b>	<b>9,605</b>	<b>550</b>	<b>10,155</b>	<b>10,017</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>41</b>	<b>615</b>	<b>(517)</b>	<b>139</b>	<b>(293)</b>
Gross transfers between funds		(176)	(748)	924	-	-
<b>Net income/(expenditure) for the year</b>		<b>(135)</b>	<b>(133)</b>	<b>407</b>	<b>139</b>	<b>(293)</b>
<b><u>Other recognised gains and losses</u></b>						
Actuarial gains/(losses) on defined benefit pension scheme	16	-	336	-	336	217
<b>Net movement in funds</b>		<b>(135)</b>	<b>203</b>	<b>407</b>	<b>475</b>	<b>(76)</b>
Fund balances at 1 September 2013		478	(846)	11,165	10,797	10,873
<b>Fund balances at 31 August 2014</b>		<b>343</b>	<b>(643)</b>	<b>11,572</b>	<b>11,272</b>	<b>10,797</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the two financial periods above.

# DARRICK WOOD SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2014

		2014	2013
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	10	11,572	11,166
<b>Current assets</b>			
Debtors	11	452	223
Cash at bank and in hand		712	980
		<u>1,164</u>	<u>1,203</u>
Creditors: amounts falling due within one year	12	(634)	(435)
<b>Net current assets</b>		530	768
<b>Total assets less current liabilities</b>		<u>12,102</u>	<u>11,934</u>
Defined benefit pension liability	16	(830)	(1,137)
<b>Net assets</b>		<u>11,272</u>	<u>10,797</u>
<b>Funds of the academy trust:</b>			
<b>Restricted income funds</b>	14		
- Fixed asset funds		11,572	11,165
- General funds		187	291
- Pension reserve		(830)	(1,137)
<b>Total restricted funds</b>		<u>10,929</u>	<u>10,319</u>
<b>Unrestricted funds</b>	14	343	478
<b>Total funds</b>		<u>11,272</u>	<u>10,797</u>

The accounts were approved by order of the Board of Governors and authorised for issue on 25 November 2014.



Mr M Hewitt  
Chairman

Company Number 07393519

# DARRICK WOOD SCHOOL

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow/(outflow) from operating activities	17	653	570
<b>Returns on investments and servicing of finance</b>			
Investment income	2	2	4
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		2	4
		655	574
<b>Capital expenditure and financial investments</b>			
Capital grants received	33	85	
Payments to acquire tangible fixed assets	(956)	(682)	
<b>Net cash flow from capital activities</b>		(923)	(597)
<b>Increase/(decrease) in cash</b>	18	(268)	(23)



# **DARRICK WOOD SCHOOL**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014**

---

### **1 Accounting policies**

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

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### **1.2 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the accounts.

#### **1.3 Incoming resources**

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

##### **Grants receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable 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.

##### **Donations**

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

##### **Other income**

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

##### **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

#### **1.4 Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 1 Accounting policies

(Continued)

#### Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

#### Charitable activities

These are costs incurred on the academy trust's educational operations.

#### Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

### 1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Freehold land is not depreciated

Freehold buildings	2% Straight Line
ICT / Computer equipment	50% Straight Line
Fixtures, fittings & equipment	15% Straight Line
Motor vehicles	20% Straight Line

Where fixed assets were transferred to the charitable company from the predecessor school, these have been included at a value determined in accordance with the policy described below:

#### Land

Where land is owned (or occupied under the terms of a long term lease), subject to a legally binding restriction as to its use, it is valued at a nominal value of £1, reflecting those restrictions.

#### Buildings

In accordance with the requirements of FRS 15, specialist buildings transferred from the predecessor school are recognised at their depreciated replacement cost at the time of the transfer. Future depreciation is charged over the estimated remaining useful life of the buildings.

#### Other Fixed Assets

Other fixed assets transferred from the predecessor school are also included at depreciated replacement cost (subject to the capitalisation limit set).

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

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### 1 Accounting policies

(Continued)

#### 1.6 Leasing and hire purchase commitments

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

#### 1.7 Taxation

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

#### 1.8 Pensions benefits

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

##### Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

##### Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### 1.9 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education and other donors.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2014

### 2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Voluntary Fund	-	363	363	261
Other income	33	-	33	102
	<u>33</u>	<u>363</u>	<u>396</u>	<u>363</u>

### 3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Short term deposits	2	-	2	4
	<u>2</u>	<u>-</u>	<u>2</u>	<u>4</u>

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	8,654	8,654	8,336
Capital grants	-	33	33	85
Other DfE / EFA grants	-	588	588	260
	<u>-</u>	<u>9,275</u>	<u>9,275</u>	<u>8,681</u>
<b>Other government grants</b>				
Local authority grants	-	172	172	498
Other grants	-	82	82	87
	<u>-</u>	<u>254</u>	<u>254</u>	<u>585</u>
<b>Other funds</b>				
Other incoming resources	6	361	367	91
	<u>6</u>	<u>361</u>	<u>367</u>	<u>91</u>
<b>Total funding</b>	<u>6</u>	<u>9,890</u>	<u>9,896</u>	<u>9,357</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 5 Resources expended

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2014 £'000	Total 2013 £'000
<b>Academy's educational operations</b>					
- Direct costs	6,022	441	1,021	7,484	7,421
- Allocated support costs	1,158	319	805	2,282	2,264
	<u>7,180</u>	<u>760</u>	<u>1,826</u>	<u>9,766</u>	<u>9,685</u>
<b>Other expenditure</b>					
Costs of generating voluntary income	-	-	357	357	284
Governance costs	-	-	32	32	48
	<u>-</u>	<u>-</u>	<u>389</u>	<u>389</u>	<u>332</u>
<b>Total expenditure</b>	<u>7,180</u>	<u>760</u>	<u>2,215</u>	<u>10,155</u>	<u>10,017</u>

### Incoming/outgoing resources for the year include:

	2014 £'000	2013 £'000
Fees payable to auditor		
- Audit	7	7
- Other services	9	6

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	2014 £
Gifts made by the trust - total	<u>805</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 6 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	6,022	6,022	6,154
Depreciation	-	441	441	401
Technology costs	-	5	5	153
Educational supplies and services	-	412	412	441
Examination fees	-	175	175	231
Staff development	-	61	61	41
Other direct costs	-	368	368	-
	<u>-</u>	<u>7,484</u>	<u>7,484</u>	<u>7,421</u>
<b>Allocated support costs</b>				
Support staff costs	-	1,158	1,158	1,195
Depreciation	-	109	109	100
Recruitment and support	-	25	25	16
Maintenance of premises and equipment	-	210	210	216
Cleaning	-	159	159	150
Energy costs	-	134	134	124
Rent and rates	-	77	77	71
Insurance	-	60	60	64
Catering	-	68	68	57
Interest and finance costs	-	30	30	40
Other support costs	-	252	252	231
	<u>-</u>	<u>2,282</u>	<u>2,282</u>	<u>2,264</u>
<b>Total costs</b>	<u>-</u>	<u>9,766</u>	<u>9,766</u>	<u>9,685</u>

### 7 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Legal and professional fees	-	15	15	34
Auditor's remuneration				
- Audit of financial statements	-	7	7	7
- Other non-audit costs	-	9	9	6
Governor Training	-	1	1	1
	<u>-</u>	<u>32</u>	<u>32</u>	<u>48</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 8 Staff costs

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows:

	2014 Number	2013 Number
Teachers	106	103
Administration and support	70	70
Management	9	10
	<u>185</u>	<u>183</u>

#### Costs included within the accounts:

	2014 £'000	2013 £'000
Wages and salaries	5,858	5,954
Social security costs	455	466
Other pension costs	821	861
	<u>7,134</u>	<u>7,281</u>
Supply staff costs	46	68
	<u>7,180</u>	<u>7,349</u>

The number of employees whose annual remuneration was £60,000 or more was:

	2014 Number	2013 Number
£60,000 - £70,000	-	2
£70,001 - £80,000	2	1
£150,001 - £160,000	1	1
	<u></u>	<u></u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows:

		2014	2013
Teachers' Pension Scheme	Numbers	2	3
	£'000	<u>20</u>	<u>29</u>
Local Government Pension Scheme	Numbers	-	-
	£'000	<u>-</u>	<u>-</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 9 Governors' remuneration and expenses

The Executive Head Teacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Executive Head Teacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy trust in respect of their role as Governors. During the year, travel and subsistence payments totalling £1,993 (2013: £1,110 ) were reimbursed to 3 Governors (2013: 3 Governors).

The value of Governors' remuneration was as follows:

B Rhymaun (Executive Head Teacher) £150,000 - £155,000 (2013: £150,000 - £155,000)  
J Tuck (staff governor) £50,000 - £55,000 (2013: £50,000 - £55,000)  
D Morrell (staff governor) £45,000 - £50,000 (2013: £45,000 - £50,000)  
W Harris (staff governor) £15,000 - £20,000 (2013: £15,000 - £20,000)

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

### Governors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £2,444 (2013: £1,866).

### 10 Tangible fixed assets

	Freehold land and buildings £'000	ICT / Computer equipment £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 September 2013	12,506	44	57	54	12,661
Additions	868	64	24	-	956
At 31 August 2014	13,374	108	81	54	13,617
<b>Depreciation</b>					
At 1 September 2013	1,394	45	21	35	1,495
Charge for the year	494	31	16	9	550
At 31 August 2014	1,888	76	37	44	2,045
<b>Net book value</b>					
At 31 August 2014	11,486	32	44	10	11,572
At 31 August 2013	11,112	(1)	36	19	11,166



# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

<b>11 Debtors</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	12	11
VAT recoverable	59	113
Other debtors	313	40
Prepayments and accrued income	68	59
	<u>452</u>	<u>223</u>
	<u><u>452</u></u>	<u><u>223</u></u>
 <b>12 Creditors: amounts falling due within one year</b>	 <b>2014</b>	 <b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	59	112
Accruals	371	151
Deferred income	204	172
	<u>634</u>	<u>435</u>
	<u><u>634</u></u>	<u><u>435</u></u>
 <b>13 Deferred income</b>	 <b>2014</b>	 <b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income is included within:		
Creditors due within one year	<u>204</u>	<u>172</u>
	<u><u>204</u></u>	<u><u>172</u></u>
 Total deferred income at 1 September 2013	 172	 111
Amounts credited to the statement of financial activities	(172)	(111)
Amounts deferred in the year	<u>204</u>	<u>172</u>
 Total deferred income at 31 August 2014	 <u><u>204</u></u>	 <u><u>172</u></u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 14 Funds

	Balance at 1 September 2013 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2014 £'000
<b>Restricted general funds</b>					
General Annual Grant	-	8,654	(8,313)	(341)	-
Other DfE / EFA grants	127	588	(702)	-	13
Other government grants	16	254	(162)	(91)	17
Other restricted funds	148	724	(399)	(316)	157
	<u>291</u>	<u>10,220</u>	<u>(9,576)</u>	<u>(748)</u>	<u>187</u>
Funds excluding pensions	291	10,220	(9,576)	(748)	187
Pension reserve	(1,137)	-	(29)	336	(830)
	<u>(846)</u>	<u>10,220</u>	<u>(9,605)</u>	<u>(412)</u>	<u>(643)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	-	33	-	(33)	-
Inherited fixed asset fund	10,415	-	(464)	-	9,951
Capital expenditure from GAG or other funds	750	-	(86)	957	1,621
	<u>11,165</u>	<u>33</u>	<u>(550)</u>	<u>924</u>	<u>11,572</u>
<b>Total restricted funds</b>	<u>10,319</u>	<u>10,253</u>	<u>(10,155)</u>	<u>512</u>	<u>10,929</u>
<b>Unrestricted funds</b>					
General funds	478	41	-	(176)	343
<b>Total funds</b>	<u>10,797</u>	<u>10,294</u>	<u>(10,155)</u>	<u>336</u>	<u>11,272</u>

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

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014

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

The Restricted Fixed Asset Fund represents the net book value of fixed assets (£11,572k) plus the unspent element of Capital funds (£NIL). When assets are purchased the fund is increased and depreciation charges reduce the fund.

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

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 15 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Fixed asset funds £'000	Total funds £'000
<b>Fund balances at 31 August 2014 are represented by:</b>				
Tangible fixed assets	-	-	11,572	11,572
Current assets	1,164	-	-	1,164
Creditors: amounts falling due within one year	(821)	187	-	(634)
Defined benefit pension liability	-	(830)	-	(830)
	<u>343</u>	<u>(643)</u>	<u>11,572</u>	<u>11,272</u>

### 16 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

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

#### Teachers' Pension Scheme

##### Introduction

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

#### Teachers' Pension Scheme changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100 percent basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme, and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20% for employers and between 5.5% and 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £237k.

The employer's contribution rate includes additional contributions of 10.5% over a period of 4.6 years, so as to eliminate the pension fund deficit.

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.

	2014 £'000	2013 £'000
Employer's contributions	231	209
Employees' contributions	58	53
Total contributions	<u>289</u>	<u>262</u>

#### Principal actuarial assumptions

	2014 %	2013 %
Rate of increase in salaries	3.70	4.70
Rate of increase for pensions in payment	2.20	2.40
Discount rate for scheme liabilities	4.00	4.60
CPI increases	<u>2.20</u>	<u>2.40</u>

#### Sensitivity Analysis

Scheme liabilities have been valued at £2,615k (2013: £2,486k). The measurement of these liabilities would change in the event that key assumptions underlying their valuation changed.

If the discount rate used were to increase by 0.1%, liabilities would be measured at £2,558k (2013: £2,425k)

If the inflation rate used were to increase by 0.1%, liabilities would be measured at £2,672k (2013: £2,548k)

If the mortality rate were to increase by 1 year, liabilities would be measured at £2,660k (2013: £2,527k)

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

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

	2014 Years	2013 Years
Retiring today		
- Males	23.0	23.1
- Females	25.4	26.5
Retiring in 20 years		
- Males	25.3	25.1
- Females	28.3	28.5

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	2014 Expected return %	2014 Fair value £'000	2013 Expected return %	2013 Fair value £'000
Equities	7.00	1,277	7.00	998
Bonds	3.80	298	3.90	216
Other assets	3.75	210	3.75	135
Total market value of assets		1,785		1,349
Present value of scheme liabilities - funded		(2,615)		(2,486)
Net pension asset / (liability)		(830)		(1,137)

#### Assumption on Expected Rates of Return

The expected return on assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation.

The assumed investment return on government bonds is the yield on 20 year fixed interest gilts at the relevant date (2.9%). The expected investment return on corporate bonds is based on market yields at the relevant date, less a reduction to reflect a risk of default in the corporate bond yield (3.8% p.a).

The yield on equity investments will contain an "equity risk premium" in addition to the yield on government bonds, the overall expected return on equities as at 31 August 2014 was 7% p.a.

Assumed returns on property are based on the expected long term returns on cash investments, plus a premium.

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

#### Operating costs and income recognised in the statement of financial activities

	2014 £'000	2013 £'000
<b>Financial expenditure/(income)</b>		
Expected return on pension scheme assets	(91)	(51)
Interest on pension liabilities	121	91
	<u>30</u>	<u>40</u>
<b>Other expenditure/(income)</b>		
Current service cost	230	255
Past service cost	-	-
	<u>230</u>	<u>255</u>
<b>Total operating charge/(income)</b>	<u>260</u>	<u>295</u>

#### Actuarial gains and losses recognised in the statement of financial activities

	2014 £'000	2013 £'000
Actuarial (gains)/losses on assets: actual return less expected	(57)	(141)
Experience (gains)/losses on liabilities	(246)	-
(Gains)/losses arising from changes in assumptions	(33)	(76)
<b>Total (gains)/losses</b>	<u>(336)</u>	<u>(217)</u>
<b>Cumulative (gains)/losses to date</b>	<u>(163)</u>	<u>173</u>

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

	2014 £'000	2013 £'000
Opening defined benefit obligations	(2,486)	(2,163)
Current service cost	(230)	(255)
Interest cost	(121)	(91)
Contributions by employees	(58)	(53)
Actuarial gains/(losses)	279	76
Benefits paid	1	-
	<u>(2,615)</u>	<u>(2,486)</u>

# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

### 16 Pensions and similar obligations

(Continued)

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

	2014 £'000	2013 £'000
Opening fair value of scheme assets	1,349	895
Expected return on assets	91	51
Actuarial gains/(losses)	57	141
Contributions by employers	231	209
Contributions by employees	58	53
Benefits paid	(1)	-
	<u>1,785</u>	<u>1,349</u>

#### History of experience gains and losses:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(2,615)	(2,486)	(2,163)	(1,427)
Fair value of share of scheme assets	1,785	1,349	895	570
Surplus / (deficit)	<u>(830)</u>	<u>(1,137)</u>	<u>(1,268)</u>	<u>(857)</u>
Experience adjustment on scheme liabilities	246	-	-	-
Experience adjustment on scheme assets	<u>57</u>	<u>141</u>	<u>30</u>	<u>(10)</u>

### 17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2014 £'000	2013 £'000
Net income	139	(293)
Capital grants and similar income	(33)	(85)
Investment income	(2)	(4)
FRS17 pension costs less contributions payable	(1)	46
FRS17 pension finance income	30	40
Depreciation of tangible fixed assets	550	501
(Increase)/decrease in debtors	(229)	227
Increase/(decrease) in creditors	199	138
Net cash inflow/(outflow) from operating activities	<u>653</u>	<u>570</u>



# DARRICK WOOD SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2014

<b>18 Reconciliation of net cash flow to movement in net funds</b>	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Increase/(decrease) in cash	(268)	(23)
Net funds at 1 September 2013	980	1,003
	<u>          </u>	<u>          </u>
Net funds at 31 August 2014	<u>712</u>	<u>980</u>

<b>19 Analysis of net funds</b>	<b>At 1 September 2013</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 August 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	980	(268)	-	712
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 20 Related parties

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

During the year the company purchased equipment to the value of £36,136 from CDEC Ltd. CDEC Ltd is a related party by virtue of the fact that Mr A Duckworth, a governor is a director of that company. At the year end a balance of £2,967 was outstanding, included in creditors due within one year.

### 21 Members' liability

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