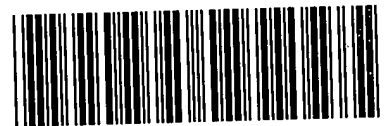


**George Dixon Academy**

Trustees report and financial statements

For the year ended 31 August 2016

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**George Dixon Academy**  
**(A company limited by guarantee)**

**Reference and administrative details**  
**For the year ended 31 August 2016**

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<b>Members</b>	Sir R Dowling Mr B Kicks Professor K George MBE
<b>Trustees</b>	Sir R Dowling, Chair <sup>1</sup> Mr B Kicks, Vice Chair of Trustees <sup>1</sup> Professor K George MBE, Chair of Finance & Audit Committee <sup>1</sup> Mr A Hamilton, Headmaster and Accounting Officer <sup>1</sup> Mr A Songaryar, Parent Trustee (resigned 30 May 2016) Mrs P Harris, Parent Trustee (resigned 21 September 2015) Mrs S Khan, Staff Trustee (appointed 23 June 2016) Mr M Sahota (appointed 23 June 2016)  <sup>1</sup> Member of Finance and Audit Committee
<b>Company registered number</b>	08173271
<b>Company name</b>	George Dixon Academy
<b>Principal and registered office</b>	Portland Road Birmingham B16 9GD
<b>Senior management team</b>	Mr A Hamilton, Headmaster Mr T Mann, Deputy Headmaster Mrs R Bakewell, Assistant Head from 26 May 2016 Ms C Bernard, Assistant Head Mr M Else, Assistant Head Mr D Horner, Assistant Head Mr D Ibbotson, Assistant Head Mr M Jerome, Assistant Head Miss K Jordan, Assistant Head from 26 May 2016 Mr J Madahar, Assistant Head Miss D Satchell, Assistant Head Mr T Lewis, Director of Support Services
<b>Independent auditors</b>	Dains LLP 15 Colmore Row Birmingham B3 2BH
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Irwin Mitchell LLP 31 Temple Street Birmingham B2 5DB

**George Dixon Academy**  
**(A company limited by guarantee)**

**Reference and administrative details**  
**For the year ended 31 August 2016**

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**Advisers (continued)**

<b>Internal auditors</b>	RSM Risk Assurance Services LLP St Phillips Point Temple Row Birmingham B2 5AF
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**George Dixon Academy**  
**(A company limited by guarantee)**

**Trustees' report**  
**For the year ended 31 August 2016**

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

The trust operates an academy in Birmingham for pupils aged 11 to 19. 890 students were on role at the Academy at the time of the autumn census. George Dixon Academy is an average-sized secondary school with a smaller than average sixth form located in the Ladywood Ward of Birmingham, an area that experiences significantly high levels of socio-economic disadvantage. The proportion of students who attract free school meal related funding is almost three times the national average and the proportion of students with special educational needs and /or disabilities is well above average. Students come from an exceptionally diverse range of cultural backgrounds; a very large majority of students are from minority ethnic groups; almost three quarters of students speak English as an additional language with more than 61 different home languages spoken. Student mobility is also extremely high, with around one in four students joining or leaving the Academy at times other than the start of the year. There are 233 newly arrived students who have not attended a primary school in England, and who have little or no English. In the academic year 2015/2016, 87 students left the Academy and 95 joined. The level of "turbulence" (20% of the Academy population) facing the Academy remains a significant challenge in terms of continuity and enhancing attainment and progress.

**Structure, governance and management**

**a. Constitution**

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

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

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

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

The Academy extended its first accounting reference date to 31 August 2013 to coincide with the end of the Academic Year

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

**b. Members' liability**

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

**c. Trustees' indemnities**

Since 1st September 2012 the Governors (directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 12 to the financial statements the limit of this indemnity is £5,000,000 with a retroactive date of 1st September 2012

**d. Method of recruitment and appointment or election of Trustees**

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

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

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

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

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

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

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

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

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

**3) Appointment of Additional Governors**

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

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

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

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

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

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

The Secretary of State may also appoint such Additional Governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification if that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the

foregoing the grade received by George Dixon International School & Sixth Form College shall be regarded as the grade received by the Academy.

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

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

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

A Recruitment, Induction and Training Policy has been developed which demonstrates the academy's commitment to ensuring effectiveness of the Governing Body and its Governors in terms of purpose and performance. The policy seeks to ensure a transparent procedure for recruitment and thorough induction of new Governors and details requirements of Governing Body membership and continuing development.

In line with the policy, all appointed and elected Governors are required to complete an induction during which a background of the academy, principles of good governance, roles and responsibilities of a director is provided by the Clerk and/or Chair. Induction Packs with the Governor's Code of Conduct and key documentation to be completed are also provided, including a letter of appointment outlining roles and expectations to be agreed to. There is an opportunity for new Governors to tour the school and meet the members of the Senior Leadership Team. All policies are included as part of an ongoing review schedule to ensure they are updated at appropriate intervals and remain in line with statutory and other regulatory guidance as well as being relevant to the changing needs of the Academy.

Following appraisals, in line with the Review and Renewal Policy, and from time-to-time as deemed fit, Governors are expected to undertake suitable training to help improve their effectiveness and fill any gaps in development. The Governing Body of the academy is committed to providing adequate opportunities for Governors as and when possible and strongly encourages Governors to undertake independent training considered necessary as part of their continuing professional development.

The Academy receives additional support through its subscription to School & Governor Support, which is a traded service of Birmingham City Council. This includes provision of an induction course for new trustees at the Academy as well as essential guidance documents for example "A Guide for New Governors", "Governors Roles Explained", "Being a Critical Friend" and "Strengthening School Governance" as well as access to Governor Training and Development. The Academy has also supplied all Governors with a copy of the Institute of Chartered Secretaries and Administrators (ICSA) publication "How to Run an Academy School" written by Katie Paxton-Doggett as a reference. The academy intends to provide this to any future Governors on appointment as part of the induction process. There is a designated governor for training who is responsible for communicating details of upcoming training to other governors with a specific budget set aside to accommodate this.

Governors are issued with role descriptions as part of the induction process to ensure they are aware of what is required of them in their role. They also receive specific training on governance and are introduced to the code of conduct for governors. The process of induction and training also includes completion of DBS checks for all governors in line with the DfE Governance Handbook.

The Academy Trust is a member of the National Governors' Association.

**f. Organisational structure**

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

The majority of the roles and responsibility have been delegated to a committee, as defined by the Governing Body's Terms of Reference. Responsibilities for which the full Governing Body has retained responsibility are defined in the Governing Body's Terms of Reference.

Members of the Leadership Team, in addition to the Headmaster, attend the Governing Body and Finance and Audit Committee meetings as appropriate. The Governors are responsible for the strategic management of the Academy; deciding and setting key aspects of the Academy, including strategic direction, annual budgets, senior staff appointments and policy changes. Strategic and operational leadership is the responsibility of the Headmaster and the Leadership Team. Leadership is carried ay at a number of levels throughout the Academy i.e. Heads of Faculty and Department, Heads of Year, Subject Leaders, Leading Practitioners and Student Leaders.

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

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

**g. Arrngements for setting pay and remuneration of key management personnel**

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

**h. Connected organisations, including related party relationships**

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

Mr M Sahota, a trustee, is a consultant who as an individual provides student data analysis services to the Academy.

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



## **Objectives and Activities**

### **a. Objects and aims**

"A Posse ad Esse" - From Possibility to Reality

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

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

### **b. Public benefit**

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

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

## Achievements and performance

### a. Review of activities

**Key Stage 4 value added scores** were *significantly positive* in 2013 and 2014 and in 2015 the Academy's performance was in the top third nationally. The best 8 VA including English and maths percentile was also in the top third nationally in 2015. **In 2016, the VA scores will improve after achieving a +0.24 overall Progress 8 score (top 20% nationally, above average).**

**Overall GCSE attainment improved significantly from a grade D (41.6) in 2015 to a C-(45.6) in 2016.**

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

	2015 Opt in	2016
Overall Progress 8	+0.15	+0.24
Maths	+0.1	+0.3
English	-0.2	-0.2
Ebacc	+0.9	+0.72
Open	-0.3	+0.1

**In Both 2015 and 2016 both Disadvantaged and non-disadvantaged students achieved strong positive Progress 8 outcomes.**

**Our disadvantaged students achieved a +0.23 score in both 2015 and in 2016**

**Our non-disadvantaged students achieved a +0.18 (2015) and +0.3 (2016) score**

This pattern is replicated in our current and historical performance. In 2014, our value added score for disadvantaged students was 1,039 and 1,051 for non-disadvantaged students.

Students' who had **low, middle and high prior attainment**, achieved **+0.39, +0.18 and +0.13** Progress 8 scores respectively in 2016.

**25% of the cohort obtained the EBacc qualification.**

Students with English as an **additional language** achieved a Progress 8 score of **+0.3 (2015) and +0.34 in 2016**. In 2015, girls (VA 1050) performed significantly better than boys (VA 989). In 2016, the Progress 8 overall score for girls was **+0.2 and +0.26 for boys**.

The positive Progress 8 score alone does not truly represent student progress and achievement at the Academy as students with **no Key stage 2 data (24% of the cohort) cannot be included in our Progress 8 figures**. However, these students, despite their short time in the UK count in our attainment 8 figure.

### **Sixth Form**

From the first results in 2013, **consistently good progress** has been achieved in many subjects. Particular success can be cited in chemistry, biology, physics, psychology, law, ICT, geography, economics, history and religious studies. The number of students achieving three A - E grades has improved by over 20% since A-levels were re-launched. Total average points scores have risen from **489 points in 2013 to 551 in 2016 with average point score (APS) per entry improving from 174 to 181** (according to the point score system in place before 2016). Our sixth form tracker based on ALPS target setting system supports this upward trajectory showing that student progress has improved from 1.94 (expected progress) in 2013 to 2.41 (good progress) in 2016.

**Overall attainment in the Sixth Form improved from a D grade in 2015 to a D+ in 2016.**

In 2016, almost half of the cohort achieved A\* to C grades, a quarter achieving A\* to B grades with 4% achieving A\* to A grades.

We continually challenge and stretch our most able students so that they can access the top universities. In 2014, two students achieved AAA grades and another student achieved AAB grades. All three students are now studying degrees at **Russell Group Universities**. (University of Manchester and University of Birmingham) In 2015, a student at the Academy achieved an A\* in mathematics and is now reading physics at Warwick University. In 2016, a student achieved AAA and is now studying Optometry at Aston University. **35 out of the 38 Year 13 students have accepted University places**, including Russell Group universities. Subjects include **medicine, computing, optometry, pharmacy, law and political science and international relations**.

### **b. Key financial performance indicators**

The Governors of the Academy Trust agreed the key financial performance indicators for 2015-2016

- Achieve a balanced budget at year end.

The Governors regularly monitored the financial position to ensure this was achieved as a minimum requirement.

- Monitor the utilisation of Designated Funds through Capital Expenditure.

The Governors received a Monthly Finance Report that included details of the capital expenditure approved and assigned against each designated fund.

- Achieving value for money through effective financial procedures.

The Academy in addition to its own Financial Regulations Manual produces an Academy Staff Finance Handbook including Guidance Notes for Budget Holders as well as a separate Business Charge Card Policy & Procedures for Internet Ordering.

- The Governors on a monthly and Year to Date basis monitored Key Performance indicators against those budgeted.

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

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

**c. Going concern**

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

**Financial review**

**a. Review**

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

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

The Academies receipt of Devolved Formula Capital Grant (DFC) is passed over to the Local Authority as part of the Building Schools for Future Agreements.

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

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

The combined General Restricted Fund and Unrestricted Fund show an operating surplus (Excluding the defined pension scheme liability and purchases of fixed assets), of £264,130. The operating surplus is the result of tight budgeting and budgeting control procedures which were inherited from the former Foundation School, and which three years on have been firmly embedded and in the Academy's daily financial management.

**b. Reserves policy**

The Governors review the reserves levels of the Academy at least annually. The Governors have a Capital and Revenue Reserves Policy.

The Governors have reviewed again the level of funds designated after expenditure in 2015-2016 to address matters identified as Building Condition Risk and for use in upcoming projects and have determined a Capital Reserve of £2,210,221.

The Purpose of the Capital Reserve is to address the Health and Safety Building Condition Risk and is therefore for works outside the scope of the completed construction work associated with Building Schools for the Future Funding. This reserve will continue to fund the lifecycle aspect of the Buildings, including elements if the Academy is unlikely or unable to secure funding via The Condition Improvement Fund (CIF). As part of the Building Schools for the Future agreements the Academy foregoes any Devolved Capital receipts for a period of 15 years, the Governors have determined that during this period other future projects of a Capital nature will require funding from a Capital Reserve.

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

Window Replacement £357,661. The purpose of this designation is to continue to replace windows that were not in the scope of the final Building Schools for the Future (BSF) Cost Plan. This reserve figure was original taken from a Budgeted Cost of a 10+ Year Building Fabric, Plant, Window & Door Replacement Strategy prepared by Birmingham City Council Date 10/9/12. The Academy tendered this project in 2015, with a two year programme of works. During the year the level of the designated fund has reduced with the first phase of the project being completed in August 2016.

Roof Repairs £881,660. The purpose of this designation is to replace and repair the roof where the Academy in many areas suffers from water ingress. This was not in the scope of the final Building Schools for the Future Cost Plan. A base point being taken originally from a Budgeted Cost of a 10+ Year Building Fabric, Plant, Window & Door Replacement Strategy prepared by Birmingham City Council Date 10/9/12. In February 2016 the Academy commission a survey report on its flat roofs with costs to replace and repair. It is proposed due to capacity and programming that the roof replacement and repair project for flat roofs will be tendered and commence following completion of the Windows project outlined above. Additional allowances have been included for safe roof access for future maintenance, including the roofing, rain water pipes and guttering and for the extensive volume of pitched roof replacement and repair.

Plant and Other Expenditure relating to premises £595,900 . The fund is for Plant, Equipment assets and other Premises Related items that will need Lifecycle Replacement. This figure based was originally on a Budgeted Cost of a 10+ Year Building Fabric, Plant, Window & Door Replacement Strategy prepared by Birmingham City Council Date 10/9/12. This sum is expended on a monthly basis and a number of individual projects were completed in the year to 31st August 2016. The reserve is reviewed and replenished as required on an annual basis for life cycle replacement purposes.

Future Capital Works £375,000 with the loss of Devolved Capital for 15 years, following completion of Building Schools for the Future and the changing demographics currently on places at Primary Level, the Trust considers it prudent to maintain a reserve for further Capital Works it may have under take in future years as result of a changing school population. It is recognised that this designated fund may have to be re-designated depending on both the tendered costs for the roofing and future life-cycle costs given the Asset Management Replacement Strategy (ARMS) set up following Building Schools for the Future by the Local Authority is no longer being funded.

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

**c. Material investments policy**

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

Investments only in High Interest Deposit Accounts with Lloyds Bank Plc were made in the period to 31st August 2016. All funds held by the Academy as at 31st August 2016 were in interest bearing accounts with Lloyds Bank Plc.

**d. Principal risks and uncertainties**

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

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

The Key Risks identified are:

**Operational Risk – Information Security Risk.** The Academy in mitigation of this risk held an all staff briefing on e-security and in addition staff underwent Data Protection training. The Academy recognises that this training must be renewed annually to pick up new staff and refresh existing staff and this is planned for 2017. In mitigation the academy implemented and continues to follow its policy and procedures on paper based records, as originally recommended by Internal Audit. The Academy has implemented encrypted memory sticks to replace all existing memory sticks. The Academy has ensured all staff laptops are encrypted. The Academy is developing a checklist for Data Protection on the recommendation of Internal Audit to spot check compliance with its policy and procedures. Both Data Protection and Risk Management form part of the Internal Audit Plan for 2016/17.

**Academic Risk –** There are 233 newly arrived students who have not attended a primary school in England or who have little or no English. In the academic year 2015/16, 87 students left the academy and 95 joined. The level of "turbulence" (20% of the Academy population) facing the Academy remains a significant challenge in terms of continuity and enhancing attainment and progress. This results in support necessarily incurred beyond that of other schools to ensure the Academic performance is achieved. The Academy in part mitigates the academic risk by the engagement of an EAL teacher and graduates in classrooms and accepts the residual risk.

**Finance Risk – EFA Funding.** The Academy is reliant on the funding it receives from the EFA. This funding is pupil led. The Academy will continue to actively recruit in all areas of the Academy but especially through its transitional arrangements into Year 7 and Sixth Form to mitigate the risk of loss of funding. The Academy has modelled changes in the in the amount of Pupil Led Funding as a result of changes in funding rates and factors as well Education Services Grant (ESG) that impact negatively on the Academy and is aware of a change in the profile of pupils eligible for FSM at the Academy and the impact for 2016/17 and likely impacts on various funding streams in future. The Academy is reliant on the continuation of the Pupil Premium Grant and not being negatively impacted by any future national funding formula.

**Finance Risk – Staffing Related Costs.** From April 2016 with the introduction of the new flat rate State pension, the State second pension ceased and the ability for employers to contract out of the State second pension and receive a national insurance rebate of 3.4% ended. This effective 3.4% increase in National Insurance (between the lower earnings limit and upper accrual point for National Insurance) continues apply to all staff who are members of one of these contracted out schemes. The Academy has modelled this through its Budget & Forecasting Software. Teachers Pension costs for the Academy increased from the 14.1% employer contribution rate to 16.48% with effect from September 2015. It is anticipated that with a further triennial valuation in March 2017 may lead to further increases in 2018/2019. The known changes have been modelled through the Academy's Budget & Forecasting Software. Additionally, the indexation of the past service lump sum contributions element that forms part of the Employers Contribution rate to the Local Government Pension Scheme (LPGS) was at 4.35%. The final triennial valuation of the LPGS scheme is due to be advised in February / March 2017, it is anticipated that this will further increase staffing costs. Regular monthly monitoring of staff cost related KPI's, together with more detailed analysis of staffing costs is undertaken with the Headmaster to mitigate these risks.

**Health and Safety Risk – Building Condition.** The Academy despite being one of the last Building Schools for the Future Projects has areas outside the scope of works for example Roof, Guttering and Windows that present a Health & Safety risk. The Academy continues to be challenged by being unable to access necessary capital funding via the Local Authorities Asset Replacement Strategy set up as part of Building Schools for the Future to address lifecycle issues. In mitigation the Academy has commenced and will continue a programme of work utilising its own reserves.

During the year 2015/16 the Academy suffered flood damage from heavy storms in June 2016. This was an insured loss and the academy worked with contractors to minimise the operational impact on the Academy.

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

Under Section 28 of FRS 102 - Section 28 - "Employee Benefits", it is necessary to change projected deficits on the Local Government Pension Scheme, which provided for support staff, to the restricted general fund. This results in reducing the reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The Academy is currently paying an increased employer contribution rate to reduce this deficit.

## **Plans for future periods**

### **a. Future developments**

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

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

Over recent years, the governors have demonstrated good financial management which has allowed them to invest and improve significantly the quality of the school. Future plans are already in place to further enhance the environment at the Academy.

### **Funds held as custodian**

During the period ending 31st August 2016 George Dixon Academy did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

### **Employee involvement and employment of the disabled**

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

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

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

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

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

### **Disclosure of information to auditors**

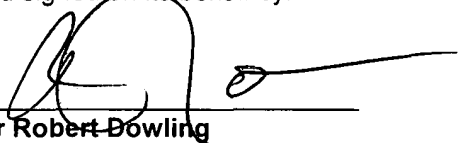
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

### **Auditors**

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

This report was approved by order of the board of trustees as the company directors, on 15 December 2016 and signed on its behalf by:

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**Sir Robert Dowling**  
Chair of Trustees



## **Governance Statement**

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### **Scope of Responsibility**

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

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

### **Governance**

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

Trustee	Meetings attended	Out of a possible
Sir R Dowling, Chair	4	4
Mr B Kicks, Vice Chair of Trustees	4	4
Professor K George MBE, Chair of Finance & Audit Committee	4	4
Mr A Hamilton, Headmaster and Accounting Officer	4	4
Mr A Songaryar, Parent Trustee (resigned 30 May 2016)	2	3
Mrs P Harris, Parent Trustee (resigned 21 September 2015)	0	0
Mrs S Khan (appointed 23 June 2016), Staff Trustee	0	0
Mr M Sahota (appointed 23 June 2016)	0	0

### **Governance reviews:**

George Dixon Academy is committed to undertaking regular reviews of its governance and as such engages with independent governance consultants to ensure it receives the best advice and oversight and houses its governance documentation on the CG First governance portal, which is managed by the Governing Body Clerk. This portal allows all Governors to access reports and information relating to the Academy in line with their responsibilities. It also maintains an electronic and historical record of meetings (including minutes), declarations and members for audit, legal and inspection purposes required.

The Governance Forum is an external provider of governance support services and works closely with the Academy to ensure the Governing Body identify and secure the correct range of skills and experience to set the strategic direction and objectives of the Academy. As part of its remit, The Governance Forum supported the Academy by preparing a "Governing Body Composition Review Memorandum" in late November 2014. The review involved considering the current Governing Body against the requirements of the Academy's Articles of Association and the Academies Financial Handbook. The review also took into account the recommendations of the Skills Audit Report presented to the Governing Body in June 2014 to address diversity on the Governing Body. Also during this period we have engaged in the appraisal process and reviewed the terms of reference for the board and all committees to ensure they are being followed. A review of the performance of the Executive Team including setting and monitoring of challenging objective for the Head Teacher has also been implemented.

**Governance Statement (continued)**

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At the Governing Body meeting on 17th March 2015 it was agreed that the Chair of the Trust, Sir Robert Dowling would continue to progress the Governing Body composition together with The Governance Forum representative and Chair of the Finance and Audit Committee, Karl George MBE.

Mrs Harris, a parent governor since 2013, un-expectantly resigned from the Governing Body due to work commitments, with effect from 21st September 2015. Mr Songaryar, a parent governor since 2013, felt unable to meet his Governor commitments and resigned with effect from 30th May 2016. In line with the skills audit results of 2014, the Academy has progressed with the appointment of two new governors.

Following the appointment of the two new governors, The Governance Forum is supporting the Academy undertake a 2016 Skills Audit and will report on its findings at the December 2016 Governing Body Meeting to ensure the current skills and succession plans take into account the long-term success of the Academy.

A full and independent review of governance across the Academy took place in May 2014 by an external Licenced Assessor (Suite of Services Ltd). This diagnostic self-assessment of the Academy provided a detailed report and Action Plan for the Governing Body to move forward. Successfully achieving a strong Level 1 (Standard) result and Kite mark, the process robustly assesses good practice and ensures any existing gaps within the Academy's governance structure, are quickly identified and remedied.

The diagnostic involved a thorough review of the Academy's governance arrangements to ensure that it was not simply compliant but fully examined the resources, competency and execution of the governors themselves and the duties they perform. The outcome of the assessment was outlined in a summary report showing 94% competency levels of the governors. This external assessment is currently in the process of being reviewed in the 2016/2017 academic year with the outcome of the assessment to be reported at the December 2016 Governing Body Meeting.

The Academy Trust is a member of the National Governors' Association

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Sir R Dowling, Chair of Trustees	4	4
Mr B Kicks, Vice Chair of Trustees	4	4
Professor K George MBE , Chair of Finance & General Purposes Committee	4	4
Mr A Hamilton, Headmaster	4	4

## Governance Statement (continued)

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### Review of Value for money

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

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

#### 1. Improving Educational Outcomes

Students enter the Academy at age eleven and at other times of the year with prior attainment which is **significantly lower than the national average in all year groups**. (<25 points – The lowest APS of any secondary school in Birmingham). The reading ages for the majority of children are far below their chronological ages. In addition, over 20% of students in each year group have no Key Stage 2 data as many of them are **newly arrived to the country**. On average they are nearly 4 years behind their chronological reading age. However, in 2013 and 2014 (validated RAISEonline) students made *outstanding progress*. RAISEonline was a **“sea of green”** for student progress for all statistically valid groups.

**Key Stage 4 value added scores** were *significantly positive* in 2013 and 2014 and in 2015 the Academy's performance was in the top third nationally. The best 8 VA including English and maths percentile was also in the top third nationally in 2015. **In 2016, the VA scores will improve after achieving a +0.24 overall Progress 8 score.(top 20% nationally, above average)**

The Academy opted into the **pilot for Progress 8 measure of performance for 2015 results**. From 2016, **Progress 8** and **Attainment 8** became the new Department for Education performance measures for all maintained schools & academies.

	2015 Opt in	2016
Overall Progress 8	+0.15	+0.24
Maths	+0.1	+0.3
English	-0.2	-0.2
Ebacc	+0.9	+0.72
Open	-0.3	+0.1

***In Both 2015 and 2016 both Disadvantaged and non-disadvantaged students achieved strong positive Progress 8 outcomes.***

***Our disadvantaged students achieved a +0.23 score in both 2015 and in 2016.***

***Our non-disadvantaged students achieved a +0.18 (2015) and +0.3 (2016) score***

***Overall attainment improved significantly from a grade D (41.6) in 2015 to a C-(45.6) in 2016.***

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

Students' who had **low, middle and high prior attainment**, achieved **+0.39, +0.18 and +0.13** Progress 8 scores respectively.

**25% of the cohort obtained the EBacc qualification.**

Students with English as an **additional language** achieved a Progress 8 score of **+0.3 (2015) and +0.34 in 2016**. In 2015, girls (VA 1050) performed significantly better than boys (VA 989). In 2016, the Progress 8 overall score for **girls was +0.2 and +0.26 for boys**.

**Governance Statement (continued)**

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The Academy recognises that the performance of English, whilst broadly average with national expectations, falls below all other indicators. Actions have been taken to raise expectations and standards which have included appointing a new head of department and four other members of staff within the past 12 months, restructuring the curriculum to allow for appropriate and timely interventions and formulating practice exams on a regular basis.

The positive Progress 8 score alone does not truly represent student progress and achievement at the Academy as students with **no Key stage 2 data (24% of the cohort) cannot be included in our Progress 8 figures.**

Current students across the Academy make strong progress (Years 7 -11) because of the high quality teaching and learning they experience. Good differentiated approaches by teachers ensure that student of all abilities, including those who are disabled and with special educational needs, make consistently good progress. Our data analysis processes, standardisation and moderation processes are innovative and robust. ***Current progress data in year groups 8 – 13 replicates the three year historical trend that is established in RAISEonline.***

In 2016, many (14) of our relatively **small numbers of our most able students** achieve their challenge grades. They **recorded an average B+ grade** for their attainment 8 score and **86% (13/14) achieved the English Baccalaureate**. Overall, students who entered the Academy with an average level five or better achieved a Progress 8 score of +0.13. There has also been an increasing trend in many subjects of students achieving A\*-A grades at GCSE, for example in mathematics, geography, history, chemistry, biology, physics, religious education, Spanish and French. **In three of the past four years, most able learners have either been above National Average VA scores as evidenced in RAISEonline or achieved a positive progress 8 score.**

**Post 16**

The Sixth Form was re-launched four years ago to better meet the needs, expectations and aspirations of all stakeholders at the Academy.

From the first results in 2013, **consistently good progress** has been achieved in many subjects. Particular success can be cited in chemistry, biology, psychology, law, ICT, geography, economics, history and religious studies. The number of students achieving three A - E grades has improved by over 20% since A-levels were re-launched. Total average points scores have risen from **489 points in 2013 to 551 in 2016** with **average point score (APS) per entry improving from 174 to 181** (according to the point score system in place before 2016). Our sixth form tracker based on ALPS target setting system supports this upward trajectory showing that student progress has improved from 1.94 (expected progress) in 2013 to 2.41 (good progress) in 2016.

**Overall attainment in the Sixth Form improved from a D grade in 2015 to a D+ in 2016.**

In 2016, almost half of the cohort achieved A\* to C grades, a quarter achieving A\* to B grades with 4% achieving A\* to A grades.

We continually challenge and stretch our most able students so that they can access the top universities. In 2014, two students achieved AAA grades and another student achieved AAB grades. All three students are now studying degrees **at Russell Group Universities**. (University of Manchester and University of Birmingham) In 2015, a student at the Academy achieved an A\* in mathematics and is now reading physics at Warwick University. In 2016, a student achieved AAA and is now studying Optometry at Aston University. **35 out of the 38 Year 13 students have accepted University places**, including Russell Group universities. Subjects include **medicine, computing, optometry, pharmacy, law and political science and international relations.**

**2. Financial Governance and Oversight**

The Academy benefits from the provision of Internal Audit Services provided by RSM. The Scope of the Internal Audit Plan for 2016-2017 includes for 15 days work this has been agreed with the Finance & Audit Committee on a Risk Based and Core Assurance Programme.

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

**Governance Statement (continued)**

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The Finance & Audit Committee receives monthly Finance Reports in line with the Academy's Financial Regulations. These reports are reviewed in more detail in separate Financial Scrutiny meetings with the Chair of the Finance & Audit Committee.

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

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

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

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

In doing this the Academy takes advantage of Framework Agreements and a number of Purchasing Consortia of which it is a member or customer.

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

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

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

- The Academy continues to address its built environment risks and undertook a tender process to replace its exterior windows and doors. This project is being carried out over a two year programme. The first phase has been completed.
- The Academy undertook a tender to repair its wood block flooring in three halls. This was to address increasing Health and Safety concerns over lifting flooring and loose wood blocks.
- The Academy undertook a tender to construct three canopies in its court yard areas to enhance the student experience at the Academy.

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

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

**4. Maximising Income generation**

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

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

**5. Summary**

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

**Governance Statement (continued)**

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identity and multinational inclusive intake. We will continue to build upon successes and serve our community well.

**The Purpose of the System of Internal Control**

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

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint RSM Risk Assurance Services LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the internal auditor 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.

During the year to 31st August 2016 the Internal audit function has delivered their scheduled work as planned which has consisted of:-

- Key Financial Controls
- Framework for Compliance with Legal Requirements- Fraud Whistleblowing Bribery
- Student Funding Records
- Follow Up of Previous Internal Audit Recommendations (including Framework for Safeguarding, Governance Core Processes, Risk Management and Follow up 2014/2015)

**Governance Statement (continued)**

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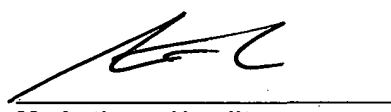
**Review of Effectiveness**

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

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

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

Approved by order of the members of the board of trustees on 15 December 2016 and signed on their behalf, by:

  
**Sir Robert Dowling**  
**Chair of Trustees**  
**Mr Anthony Hamilton**  
**Accounting Officer**

**Statement on Regularity, Propriety and Compliance**

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

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

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



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**Mr Anthony Hamilton**  
**Accounting Officer**

Date: 15 December 2016



**George Dixon Academy**  
**(A company limited by guarantee)**

**Statement of Trustees' responsibilities**  
**For the year ended 31 August 2016**

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The Trustees (who act as governors of George Dixon Academy and 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 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the EFA/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 15 December 2016 and signed on its behalf by:



**Sir Robert Dowling**  
Chair of Trustees

**Independent auditors' report on the financial statements to the members of George Dixon Academy**

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We have audited the financial statements of George Dixon Academy for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of Trustees and auditors**

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

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**Independent auditors' report on the financial statements to the members of George Dixon Academy**

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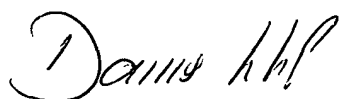
**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham  
15 December 2016

**George Dixon Academy**  
**(A company limited by guarantee)**

**Independent reporting accountants' assurance report on regularity to George Dixon Academy and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 10 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by George Dixon Academy during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to George Dixon Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to George Dixon Academy and the 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 George Dixon Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of George Dixon Academy's funding agreement with the Secretary of State for Education dated 1 September 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

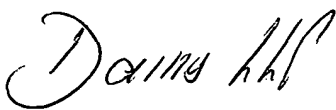
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

**Independent reporting accountants' assurance report on regularity to George Dixon Academy and the Education Funding Agency (continued)**

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**Conclusion**

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



**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

15 December 2016

**George Dixon Academy**  
**(A company limited by guarantee)**

**Statement of Financial Activities**  
**(Including Income and Expenditure Account)**  
**For the year ended 31 August 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>						
Donations and capital grants	2	31,082	1,293	180,599	212,974	175,821
Charitable activities:	5					
Funding for the academy trust's educational operations		-	6,622,129	-	6,622,129	6,737,645
Other trading activities	3	8,470	-	-	8,470	5,250
Investments	4	24,897	257	-	25,154	22,979
<b>Total income</b>		<b>64,449</b>	<b>6,623,679</b>	<b>180,599</b>	<b>6,868,727</b>	<b>6,941,695</b>
<b>Expenditure on:</b>						
Charitable activities:						
Academy trust educational operations		14,141	6,490,610	501,790	7,006,541	7,149,246
<b>Total expenditure</b>	8	<b>14,141</b>	<b>6,490,610</b>	<b>501,790</b>	<b>7,006,541</b>	<b>7,149,246</b>
<b>Net income / (expenditure) before transfers</b>		<b>50,308</b>	<b>133,069</b>	<b>(321,191)</b>	<b>(137,814)</b>	<b>(207,551)</b>
Transfers between Funds	16	(138,416)	(327,312)	465,728	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(88,108)</b>	<b>(194,243)</b>	<b>144,537</b>	<b>(137,814)</b>	<b>(207,551)</b>
Actuarial losses on defined benefit pension schemes	20	-	(713,000)	-	(713,000)	(87,000)
<b>Net movement in funds</b>		<b>(88,108)</b>	<b>(907,243)</b>	<b>144,537</b>	<b>(850,814)</b>	<b>(294,551)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		2,360,838	(300,510)	18,375,349	20,435,677	20,730,228
<b>Total funds carried forward</b>		<b>2,272,730</b>	<b>(1,207,753)</b>	<b>18,519,886</b>	<b>19,584,863</b>	<b>20,435,677</b>

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

**Balance sheet**  
**As at 31 August 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	13		<b>18,519,886</b>		18,424,494
<b>Current assets</b>					
Debtors	14	<b>267,947</b>		217,682	
Cash at bank and bank		<b>3,985,753</b>		3,472,963	
		<b>4,253,700</b>		3,690,645	
<b>Creditors:</b> amounts falling due within one year	15	<b>(1,439,723)</b>		(738,462)	
<b>Net current assets</b>			<b>2,813,977</b>		2,952,183
<b>Total assets less current liabilities</b>			<b>21,333,863</b>		21,376,677
Defined benefit pension scheme liability	20	<b>(1,749,000)</b>			(941,000)
<b>Net assets including pension scheme liabilities</b>			<b>19,584,863</b>		20,435,677
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	16	<b>541,247</b>		640,490	
Restricted fixed asset funds	16	<b>18,519,886</b>		18,375,349	
Restricted income funds excluding pension liability		<b>19,061,133</b>		19,015,839	
Pension reserve		<b>(1,749,000)</b>		(941,000)	
Total restricted income funds			<b>17,312,133</b>		18,074,839
Unrestricted income funds	16		<b>2,272,730</b>		2,360,838
<b>Total funds</b>			<b>19,584,863</b>		20,435,677

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:



**Sir Robert Dowling**  
Chair of Trustees

The notes on pages 31 to 52 form part of these financial statements.

**George Dixon Academy**  
**(A company limited by guarantee)**

**Statement of cash flows**  
**For the year ended 31 August 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	<u>904,220</u>	<u>634,866</u>
<b>Cash flows from investing activities:</b>			
Bank interest received		25,154	22,979
Purchase of tangible fixed assets		(597,183)	(172,527)
Capital grants from DfE/EFA		180,599	128,630
<b>Net cash used in investing activities</b>		<u>(391,430)</u>	<u>(20,918)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>512,790</b>	<b>613,948</b>
Cash and cash equivalents brought forward		<u>3,472,963</u>	<u>2,859,015</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>3,985,753</u></u>	<u><u>3,472,963</u></u>



**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

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

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

**1.2 Going concern**

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

**1. Accounting policies (continued)**

**1.3 Income**

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

**Grants**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 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**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

**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 in which it is receivable and to the extent the goods have been provided or on completion of the service.

**Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

**1. Accounting policies (continued)**

**1.4 Expenditure**

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

**Charitable Activities**

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

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised.

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

On 1 September 2012, the freehold title of the School site was transferred to the Academy. As the School is a specialised property, as defined by Financial Reporting Standard 102 Section 17 - Property, plant and equipment, this Freehold Property has been valued in the accounts on a Depreciated Replacement Cost Basis.

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

Freehold property	-	2% Straight line basis
Fixtures and fittings	-	20% Straight line basis
Computer equipment	-	33.3% Straight line basis

Freehold land is not depreciated.

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

**Notes to the financial statements**  
**For the year ended 31 August 2016**

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**1. Accounting policies (continued)**

**1.6 Debtors**

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

**1.7 Cash at Bank and in hand**

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

**1.8 Liabilities and provisions**

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

**1.9 Financial instruments**

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.10 Operating leases**

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

**1.11 Taxation**

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

**1. Accounting policies (continued)**

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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

**1.13 Fund accounting**

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

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

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

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

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

**1. Accounting policies (continued)**

**1.14 Interest receivable**

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

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

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

Critical accounting estimates and assumptions:

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

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

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

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

Notes to the financial statements  
For the year ended 31 August 2016

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations for educational visits	12,543	-	-	12,543	5,754
Other incoming resources	17,763	-	-	17,763	24,315
Capital grants	-	-	180,599	180,599	128,630
Insurance income	776	-	-	776	-
Similar incoming resources	-	1,293	-	1,293	17,122
	<u>31,082</u>	<u>1,293</u>	<u>180,599</u>	<u>212,974</u>	<u>175,821</u>

In 2015, of the total income from donations and capital grants, £30,069 was to unrestricted funds, £17,122 was to restricted funds and £128,630 was to restricted fixed asset funds.

3. Income from other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	8,470	-	8,470	5,250
	<u>8,470</u>	<u>-</u>	<u>8,470</u>	<u>5,250</u>

In 2015, of the total income from other trading activities, £5,250 was to unrestricted funds.

4. Income from investments

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest received	24,897	257	25,154	22,979
	<u>24,897</u>	<u>257</u>	<u>25,154</u>	<u>22,979</u>

In 2015, of the total investment income, £22,831 was to unrestricted funds and £ 148 was to restricted funds.

**Notes to the financial statements**  
**For the year ended 31 August 2016**

**5. Funding for Academy's educational operations**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
GAG income	-	6,009,986	6,009,986	6,124,532
Pupil premium	-	514,640	514,640	533,379
Other DfE/EFA grants	-	41,750	41,750	46,125
	-	6,566,376	6,566,376	6,704,036
<b>Other government grants</b>				
Local authority pupil premium	-	6,550	6,550	6,922
New overseas's pupil grant income	-	20,000	20,000	-
	-	26,550	26,550	6,922
<b>Other funding</b>				
George Dixon Scholarship	-	25,000	25,000	25,000
University placement income	-	4,203	4,203	1,687
	-	29,203	29,203	26,687
	-	6,622,129	6,622,129	6,737,645

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £6,737,646 was to restricted funds.

**6. Direct costs - educational operations**

	Total 2016 £	Total 2015 £
Educational supplies	177,673	188,501
Examination fees	78,355	67,808
Staff development	27,996	26,289
Technology costs	261,820	259,109
Educational consultancy	68,159	65,925
Other direct costs	20,658	16,245
Wages and salaries	3,261,293	3,461,224
National insurance	292,924	271,033
Pension cost	563,827	517,159
Depreciation	501,171	557,127
	5,253,876	5,430,420



**Notes to the financial statements**  
**For the year ended 31 August 2016**

**7. Support costs - educational operations**

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Pension income	35,000	13,000
Travel and subsistence	132,200	169,258
Other direct costs	97,469	84,602
Recruitment and support	78,866	74,022
Maintenance of equipment	440,509	429,077
Cleaning	10,403	10,552
Rates	22,084	22,232
Water rates	17,797	17,192
Energy	143,989	166,884
Insurance	32,426	61,404
Transport	12,305	8,609
Technology costs	68,788	69,621
Governance costs	76,444	68,142
Wages and salaries	508,923	457,868
National insurance	28,293	23,211
Pension cost	47,169	43,152
	<u><b>1,752,665</b></u>	<u><b>1,718,826</b></u>

**8. Expenditure**

	<b>Staff costs 2016 £</b>	<b>Premises 2016 £</b>	<b>Other costs 2016 £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Academy's educational operations:					
Direct costs	4,118,044	326,256	809,576	5,253,876	5,430,420
Support costs	584,386	226,700	941,579	1,752,665	1,718,826
	<u><b>4,702,430</b></u>	<u><b>552,956</b></u>	<u><b>1,751,155</b></u>	<u><b>7,006,541</b></u>	<u><b>7,149,246</b></u>

In 2016, of the total expenditure, £3,507 (2015 - £18,043) was to unrestricted funds, £6,501,244 (2015 - £6,500,490) was to restricted funds and £501,790 (2015 - £611,713) was to restricted fixed asset funds.

Notes to the financial statements  
For the year ended 31 August 2016

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9. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	501,169	557,127
Auditors' remuneration - audit	6,800	6,700
Auditors' remuneration - other services	3,165	1,662
Internal audit costs	6,270	6,150
Operating lease rentals	240,036	240,036

**Notes to the financial statements**  
**For the year ended 31 August 2016**

**10. Staff**

**a. Staff costs**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,762,717	3,848,928
Social security costs	321,217	294,244
Operating costs of defined benefit pension schemes	610,996	560,312
	<u>4,694,930</u>	<u>4,703,484</u>
Staff restructuring costs	7,500	70,163
	<u><u>4,702,430</u></u>	<u><u>4,773,647</u></u>

**b. Non statutory/non contractual staff severance payments**

Staff restructuring costs comprise:

Severance payments	<u>7,500</u>	<u>70,163</u>
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Included in severance payments are non-statutory/non-contractual staff severance payments totalling £7,500 (2015: £70,163). Individually, the payments were: £7,500.

**c. Staff numbers**

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

	2016 No.	2015 No.
Teaching staff	77	79
Support staff	19	21
Administrative staff	11	13
	<u>107</u>	<u>113</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teaching staff	75	76
Support staff	13	15
Administrative staff	11	12
	<u>99</u>	<u>103</u>

**Notes to the financial statements**  
**For the year ended 31 August 2016**

**10. Staff costs (continued)**

**d. Higher paid staff**

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>2</b>	<b>2</b>
In the band £110,001 - £120,000	<b>1</b>	<b>1</b>

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

**e. Key management personnel**

The key management personnel of the Academy comprise key trustees and the key member of the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £163,252 (2015 - £165,545).

**11. Trustees' remuneration and expenses**

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

		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
A Hamilton (Headmaster and Trustee)	Remuneration	<b>115,000-120,000</b>	115,000-120,000
	Pension contributions paid	<b>15,000-20,000</b>	15,000-20,000
Mr A Songaryar (Staff Trustee)	Remuneration	<b>15,000-20,000</b>	25,000-30,000
(resigned 30 May 2016)	Pension contributions paid	<b>0-5,000</b>	0-5,000
Mrs S Khan (Staff Trustee) (appointed 23 June 2016)	Remuneration	<b>0-5,000</b>	-
	Pension contributions paid	<b>0-5,000</b>	-

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year ended 31 August 2016, expenses totalling £1,302 (2015 - £1,703) were reimbursed to 1 Trustee (2015 - 2).

**12. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £956 (2015 - £940).

Notes to the financial statements  
For the year ended 31 August 2016

13. Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2015	19,055,092	587,284	415,590	20,057,966
Additions	435,928	-	161,255	597,183
Disposals	-	(440)	(8,475)	(8,915)
At 31 August 2016	19,491,020	586,844	568,370	20,646,234
<b>Depreciation</b>				
At 1 September 2015	972,000	338,516	322,956	1,633,472
Charge for the year	326,256	117,216	57,697	501,169
On disposals	-	(249)	(8,044)	(8,293)
At 31 August 2016	1,298,256	455,483	372,609	2,126,348
<b>Net book value</b>				
At 31 August 2016	18,192,764	131,361	195,761	18,519,886
At 31 August 2015	18,083,092	248,768	92,634	18,424,494

Included in land and buildings is freehold land at cost of £2,829,050 (2015 - £2,829,050) which is not depreciated.

14. Debtors

	2016 £	2015 £
VAT recoverable	111,270	85,689
Prepayments and accrued income	156,677	131,993
	<u>267,947</u>	<u>217,682</u>

15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,172,556	439,720
Other creditors	35,860	35,862
Accruals and deferred income	231,307	262,880
	<u>1,439,723</u>	<u>738,462</u>

Notes to the financial statements  
For the year ended 31 August 2016

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

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	23,332	23,196
Resources deferred during the year	33,384	23,332
Amounts released from previous years	(23,332)	(23,196)
Deferred income at 31 August 2016	<u>33,384</u>	<u>23,332</u>

16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Designated funds</b>						
Window replacement	566,346	-	-	(208,685)	-	357,661
Roof repairs	775,554	-	-	106,106	-	881,660
Plant and other expenditure relating to premises	631,737	-	-	(35,837)	-	595,900
Future capital works	375,000	-	-	-	-	375,000
	<u>2,348,637</u>	<u>-</u>	<u>-</u>	<u>(138,416)</u>	<u>-</u>	<u>2,210,221</u>
<b>General funds</b>						
Unrestricted funds	12,201	64,449	(14,141)	-	-	62,509
Total Unrestricted funds	<u>2,360,838</u>	<u>64,449</u>	<u>(14,141)</u>	<u>(138,416)</u>	<u>-</u>	<u>2,272,730</u>

**Notes to the financial statements**  
**For the year ended 31 August 2016**

**16. Statement of funds (continued)**

**Restricted funds**

	<b>Brought Forward</b>			<b>Transfers</b>	<b>Gains/</b>	<b>Carried</b>
	<b>£</b>	<b>Income</b>	<b>Expenditure</b>	<b>in/out</b>	<b>(Losses)</b>	<b>Forward</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
General Annual Grant (GAG)	623,651	6,009,986	(5,796,164)	(327,312)	-	510,161
Other DfE / EFA grants	-	556,390	(556,390)	-	-	-
Other government grants	-	32,046	(32,046)	-	-	-
George Dixon scholarship	16,839	25,257	(11,010)	-	-	31,086
Pension reserve	(941,000)	-	(95,000)	-	(713,000)	(1,749,000)
	<u>(300,510)</u>	<u>6,623,679</u>	<u>(6,490,610)</u>	<u>(327,312)</u>	<u>(713,000)</u>	<u>(1,207,753)</u>

**Restricted fixed asset funds**

Transfer on conversion	18,095,134	-	(419,223)	-	-	17,675,911
DfE / EFA Capital grants	280,215	180,599	(82,567)	465,728	-	843,975
	<u>18,375,349</u>	<u>180,599</u>	<u>(501,790)</u>	<u>465,728</u>	<u>-</u>	<u>18,519,886</u>
Total restricted funds	<u>18,074,839</u>	<u>6,804,278</u>	<u>(6,992,400)</u>	<u>138,416</u>	<u>(713,000)</u>	<u>17,312,133</u>
Total of funds	<u>20,435,677</u>	<u>6,868,727</u>	<u>(7,006,541)</u>	<u>-</u>	<u>(713,000)</u>	<u>19,584,863</u>

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

**Window replacement**

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

**Roof repairs**

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

**Plant and other expenditure relating to premises**

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

**Future capital works**

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

Notes to the financial statements  
For the year ended 31 August 2016

16. Statement of funds (continued)

**Restricted general funds**

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

**Pension reserve**

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

**Restricted fixed asset funds**

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

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

17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	18,519,886	18,519,886	18,424,494
Current assets	2,283,364	1,970,336	-	4,253,700	3,690,645
Creditors due within one year	-	(1,439,723)	-	(1,439,723)	(738,462)
Provisions for liabilities and charges	-	(1,749,000)	-	(1,749,000)	(941,000)
Difference	(10,634)	10,634	-	-	-
	<u>2,272,730</u>	<u>(1,207,753)</u>	<u>18,519,886</u>	<u>19,584,863</u>	<u>20,435,677</u>



Notes to the financial statements  
For the year ended 31 August 2016

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(137,814)	(207,551)
<b>Adjustment for:</b>		
Depreciation charges	501,169	560,988
Bank interest received	(25,154)	(22,979)
Deficit on the sale of fixed assets	622	1,580
(Increase)/decrease in debtors	(50,265)	30,826
Increase in creditors	701,261	328,632
Capital grants from DfE and other capital income	(180,599)	(128,630)
Defined benefit pension scheme cost less contributions payable	95,000	72,000
<b>Net cash provided by operating activities</b>	<b>904,220</b>	<b>634,866</b>

**19. Analysis of cash and cash equivalents**

	2016 £	2015 £
Cash in hand	3,985,753	3,472,963
<b>Total</b>	<b>3,985,753</b>	<b>3,472,963</b>

**20. Pension commitments**

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

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

**20. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £453,112 (2015 - £399,848).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £142,000 (2015 - £122,000), of which employer's contributions totalled £101,000 (2015 - £82,000) and employees' contributions totalled £41,000 (2015 - £40,000). The agreed contribution rates for future years are 18.9% for employers and 5.5 - 7.5% for employees.

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

Principal actuarial assumptions:

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.20 %</b>	4.00 %
Rate of increase in salaries	<b>3.75 %</b>	4.15 %
Rate of increase for pensions in payment / inflation	<b>2.00 %</b>	2.40 %
Inflation assumption (CPI)	<b>2.00 %</b>	2.40 %

**Notes to the financial statements**  
**For the year ended 31 August 2016**

**20. 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:

	2016	2015
Retiring today		
Males	23.1 years	23.0 years
Females	25.8 years	25.6 years
Retiring in 20 years		
Males	25.3 years	25.2 years
Females	28.1 years	28.0 years

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	864,000	663,000
Debt instruments	226,000	194,000
Property	116,000	94,000
Cash/liquidity	93,000	55,000
Other	157,000	102,000
Total market value of assets	<u>1,456,000</u>	<u>1,108,000</u>

The actual return on scheme assets was £226,000 (2015 - £46,000).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(160,000)	(141,000)
Net interest cost	(35,000)	(13,000)
Total	<u>(195,000)</u>	<u>(154,000)</u>
Actual return on scheme assets	<u>226,000</u>	<u>46,000</u>

**Notes to the financial statements**  
**For the year ended 31 August 2016**

**20. Pension commitments (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	2,068,000	1,722,000
Current service cost	160,000	141,000
Interest cost	82,000	72,000
Contributions by employees	41,000	40,000
Actuarial losses	892,000	93,000
Benefits paid	(19,000)	-
	<u>3,224,000</u>	<u>2,068,000</u>
Closing defined benefit obligation	<u>3,224,000</u>	<u>2,068,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,127,000	940,000
Return on plan assets (excluding net interest on the net defined pension liability)	47,000	59,000
Actuarial gains and (losses)	179,000	6,000
Contributions by employer	101,000	82,000
Contributions by employees	41,000	40,000
Benefits paid	(19,000)	-
Administration expenses	(1,000)	-
	<u>1,475,000</u>	<u>1,127,000</u>
Closing fair value of scheme assets	<u>1,475,000</u>	<u>1,127,000</u>

**21. Operating lease commitments**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	240,036	244,170
Between 1 and 5 years	-	240,036
Total	<u>240,036</u>	<u>484,206</u>

**22. Related party transactions**

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

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

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

- The academy purchased clerking services from The Governance Forum totalling £11,000 (2015 - £11,000) during the year. There were no amounts outstanding as at 31 August 2016 (2015 - £nil).

Mr M Sahota – Self employed consultancy services:

- The academy purchased data analysis consultancy services from Mr M Sahota totalling £2,400 (2015 - £nil) during the year. There were no amounts outstanding as at 31 August 2016 (2015 - £nil).

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

In entering into the transaction the academy has complied with the requirements of the Academies Financial Handbook 2015.

**23. 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.

**Notes to the financial statements**  
**For the year ended 31 August 2016**

**24. First time adoption of FRS 102**

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

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

<b>Reconciliation of total funds</b>	<b>1 September 2014</b>	<b>31 August 2015</b>
	£	£
Total funds under previous UK GAAP	20,730,228	20,435,677
Total funds reported under FRS 102	<u>20,730,228</u>	<u>20,435,677</u>

<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>	<b>31 August 2015</b>
		£
Net income / (expenditure) before other recognised gains and losses previously reported under UK GAAP		(188,551)
Remeasurement of actuarial loss on defined benefit pension scheme	A	<u>(19,000)</u>
Net income / (expenditure) before other recognised gains and losses reported under FRS 102		<u>(207,551)</u>

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

A	Movement of £19,000 being the remeasurement in other comprehensive income in relation to the Local Government Pension Scheme. The actuarial loss was previously reported as £106,000 and has been remeasured to £87,000 with the £19,000 movement increasing charitable activity expenditure in the prior year.
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