

George Dixon Academy

Trustees Report and Financial Statements

For the year ended 31 August 2017

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George Dixon Academy
(A company limited by guarantee)

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George Dixon Academy
(A company limited by guarantee)

Reference and Administrative Details
For the year ended 31 August 2017

Members	Sir R Dowling Mr B Kicks Professor K George MBE
Trustees	Sir R Dowling, Chair ¹ Mr B Kicks, Vice Chair of Trustees ¹ Professor K George MBE, Chair of Finance & Audit Committee ¹ Mr A Hamilton, Headmaster and Accounting Officer ¹ Mrs S Khan, Staff Trustee Mr M Sahota (resigned 14 September 2016) Mr M J Proctor (appointed 18 October 2017) ¹ Member of Finance and Audit Committee
Company registered number	08173271
Company name	George Dixon Academy
Principal and registered office	Portland Road Birmingham B16 9GD
Senior management team	Mr A Hamilton, Headmaster Mr T Mann, Deputy Headmaster Mrs R Bakewell, Assistant Head Ms C Bernard, Assistant Head Mr M Else, Assistant Head Mr D Horner, Assistant Head Mr D Ibbotson, Assistant Head Mr M Jerome, Assistant Head Miss K Jordan, Assistant Head Miss D Satchell, Assistant Head Mr T Lewis, Director of Support Services
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Solicitors	Irwin Mitchell LLP 31 Temple Street Birmingham B2 5DB
Internal auditors	RSM Risk Assurance Services LLP St Phillips Point Temple Row Birmingham B2 5AF

George Dixon Academy
(A company limited by guarantee)

Trustees' Report
For the year ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. 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. 938 students were on roll at the Academy at the time of the autumn census. George Dixon Academy is an average-sized secondary school with a smaller than average sixth form 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 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 66 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 266 newly arrived students who have not attended a primary school in England, and who have little or no English. In the academic year 2016/2017, 106 students left the Academy and 65 joined. The level of "turbulence" (20% of the Academy population) facing the Academy remains a significant challenge in terms of continuity and enhancing attainment and progress.

Structure, governance and management

a. Constitution

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

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

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

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

Details of the Trustees who served during the 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

Trustees' Report (continued)
For the year ended 31 August 2017

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 addition to this, the Academy is developing an induction checklist that ensures all aspects of the induction process are completed, training needs identified and the comments of the inductee included to evaluate the process.

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 is 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. Policies related to recruitment and induction are included as part of an on-going review schedule to ensure they are updated and reviewed at appropriate intervals and remain in line with statutory and other regulatory guidance as well as being relevant to the changing needs of the Academy.

Governors are expected to undertake suitable training to help improve their effectiveness and fill any gaps in development. They are regularly sent details of available training and new Members inducted in the last review period have completed introductory training offered by the Local Authority to help them understand the requirements of their role. 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.

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'. 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, facilitated with the Clerk, 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.

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

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

f. Organisational structure

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

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

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

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

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

g. Pay policy for key management personnel

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

h. 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 (resigned 14 September 2016), a trustee, was 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

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

In 2015, 2016 and 2017 the Academy achieved overall Progress 8 scores of +0.15, +0.22 and +0.11 14 respectively.

Overall attainment improved significantly from a grade D in 2015 to a D+ in 2017.

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

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For the year ended 31 August 2017

All Students	2015 Opt in	2016	2017
Overall Progress 8	+0.15	+0.22	+0.14
Maths	+0.1	+0.31	+0.19
English	-0.2	-0.23	+0.18
Ebacc	+0.9	+0.72	+0.44
Open	-0.3	-0.02	-0.23

Disadvantaged Students	2015 Opt in	2016	2017
Overall Progress 8	+0.21	+0.20	+0.25
Maths	+0.15	+0.23	+0.28
English	-0.05	-0.22	+0.28
Ebacc	+0.96	+0.70	+0.58
Open	-0.33	-0.03	-0.14

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.

26% of the cohort obtained the EBacc qualification.

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

Following the disappointing value added score of -0.26 in 2016, the Academy recognised and prioritised a series of actions to bring about swift improvements. These included a forensic review of NEA's, timelines, teaching approaches and appropriate interventions. Although the Ofsted inspection in March 2017 categorised Post 16 provision as requiring improvement, inspector observations and the final report acknowledged the swift positive impact of these changes.

Further changes have taken place in response to the **"requires improvement"** judgement for the sixth form. A comprehensive review and demarcation of roles and responsibilities for leaders in the sixth form has taken place. This has led to a greater clarity and accountability within the team and to staff at the Academy. In addition, an Associate Leader in the Sixth Form has been appointed to provide extra capacity.

The impact of this work is evident in analysing performance in 2017.

- **Overall attainment in the Sixth Form improved from a D grade in 2015, D+ in 2016 to a C- in 2017.**
- Average point score per student entry improved from 23 in 2016 to 26 in 2017.
- Total point score per student improved from 74 in 2016 to 85 in 2017
- The value added score improved from -0.26 in 2016 to -0.1 in 2017.
- **61% of students achieved A* to C grades.**
- **Almost a third of all entries achieved an A* to B grade.**

Trustees' Report (continued)
For the year ended 31 August 2017

- **13% of all grades achieved were A* to A grades.**
- **English literature value added improved from -1.1 to +0.6**
- **History value added improved from -0.7 to +0.7**
- **Psychology value added improved from -0.7 to +0.1**

The 2017 published value added figure of -0.1 masks an even better picture of progress once several outliers have been removed. In 2017, 18 students completed 56 A-Level qualifications. When value added performance measures are applied to these students a +0.03 score would have been achieved. However, three students were not included as they had completed their A-Levels over three years. In addition, three students were added back onto our roll who left during Year 12.

b. Key performance indicators

The Governors of the Academy Trust agreed the key financial performance indicators for 2016-2017

- To approve the achievement of balanced budget for the financial year, that can draw on unspent funds brought forward from previous years
- To receive, monitor and scrutinise a monthly flash result and detailed monthly finance report, prepared on an accruals basis to understand and address variances between the budget forecast and actual income and expenditure.
- Monitor the utilisation of Designated Funds through Capital Expenditure.
The Governors received a Monthly Finance Report that included details of the capital expenditure approved and assigned against each designated fund.

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

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

A Governance Assessment Process (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 deficit (Excluding the defined pension scheme liability), of £467,214.

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 2016/17 to address matters identified as Building Condition Risk and for use in upcoming projects and have determined a Capital Reserve of £1,743,520

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 £52,628 The purpose of this designation was to replace windows that were not in the scope of the final Building Schools for the Future (BSF) Cost Plan. 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 Dated 10 September 2012. The Academy tendered this project in 2015, with a two year programme of works. The Academy has undertaken variation works to external doors during October 2017. The reserve is required for this additional variation and to meet the release of retention when due.

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 September 2012. 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 £648,732. 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 September 2012. This sum is expended on a monthly basis and a number of individual projects were completed in the year to 31st August 2017. The reserve is reviewed and replenished as required on an annual basis for life cycle replacement purposes.

Future Capital Works £160,500 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 32 Day Notice and High Interest Deposit Accounts with Lloyds Bank were made in the period to 31st August 2017. All funds held by the Academy as at 31st August 2017 were in interest bearing accounts with Lloyds Bank.

d. Principal risks and uncertainties

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

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

The Key Risks identified are:

Operational Risk – Information Security Risk. The Academy 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. 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 at an early stage of preparing for the General Data Protection Regulation (GDPR) which is the new legal framework that will apply from 25 May 2018

Academic Risk – There are 266 newly arrived students who have not attended a primary school in England or

who have little or no English. In the academic year 2016/17, 106 students left the academy and 65 joined. The level of "turbulence" (20% of the Academy population) facing the Academy remains a significant challenge in terms of continuity and enhancing attainment and progress. This results in support necessarily incurred beyond that of other schools to ensure the Academic performance is achieved. The Academy in part mitigates the academic risk by the engagement of an EAL teacher and graduates in classrooms and accepts the residual risk.

Finance Risk – Education and Skills Funding Agency (ESFA) Funding. The Academy is reliant on the funding it receives from the ESFA. This funding is pupil led. The Academy will continue to actively recruit in all areas of the Academy but especially through its transitional arrangements into Year 7 and Sixth Form to mitigate the risk of loss of funding. The Academy has modelled changes in the in the amount of Pupil Led Funding as a result of changes in funding rates and factors as well the cessation of the Education Services Grant (ESG) and Catch Up Premium grant that impact negatively on the Academy and is aware of a change in the profile of pupils eligible for FSM at the Academy and the impact for 2018/19 and likely impacts on various funding streams in future. The Academy is reliant on the continuation of the Pupil Premium Grant and not being negatively impacted by the national funding formula.

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 anticipate 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. The triennial valuation of the West Midland Pension Fund scheme at 31 March 2016 resulted in a future service employer contribution rate of 16.7% from 1 April 2017 plus an increase past service lump sum advised, this has further increased staffing costs. Regular monthly monitoring of staff cost related KPI's, together with more detailed analysis of staffing costs is undertaken with the Headmaster to mitigate these risks.

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 2016/17 the Academy suffered two roofing panels on the Sports Hall Roof blew off heavy storms in February 2017. 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 and Skills Funding Agency (ESFA) may have on financial planning. There are the usual risks associated with potential fraud, damage to reputation and failure to maintain and improve academic standards but control measures have been put in place to mitigate these risks.

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

Plans for future periods

a. Future developments

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

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

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

Funds held as custodian

During the period ending 31st August 2017 George Dixon Academy did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

Employee involvement and employment of the disabled

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

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

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

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

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

George Dixon Academy
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2017

Auditors

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

The Trustees' report was approved by order of the board of trustees, as the company directors, on 20 December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R Dowling', is written over a horizontal line.

Sir Robert Dowling
Chair of Trustees

George Dixon Academy
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

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

Governance

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

Trustee	Meetings attended	Out of a possible
Sir R Dowling, Chair	4	4
Mr B Kicks, Vice Chair of Trustees	3	4
Professor K George MBE, Chair of Finance & Audit Committee	4	4
Mr A Hamilton, Headmaster and Accounting Officer	3	4
Mrs S Khan, Parent Trustee (resigned 30 May 2016)	3	4
Mr M Sahota (resigned 14 September 2016)	1	1
Mr M J Proctor (appointed 18th October 2017)	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. Our governance documentation is housed on the CGFirst 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 has been working closely with the academy to ensure there are robust systems and processes in place to ensure good governance.

During the last period, a plethora of governance activity has taken place, including appraisals of board members, a skills audit and analysis which helped to identify where the strengths and areas of development are for the Governing Body and, among other items, a succession plan to ensure there is openness in relation to the composition of the Governing Body moving forward and that no gaps are left should current Members leave their position.

Governance Statement (continued)

Taking this into account, the governance forum has also supported the Academy in recruiting a new governor with the requisite skills in finance to support the work of the Finance and Audit Committee. The new governor has also contributed to the age diversity consideration of the Governing Body which was brought to light in previous assessments.

A governance diagnostic, undertaken by a licensed assessor which measured the performance of the governance at the Academy against an accredited framework has also been undertaken which demonstrated compliance across a number of areas, also highlighting relevant actions to be undertaken to offer assurance that the systems and processes related to governance will remain robust and development is implemented where necessary. There were no areas where non-compliance was demonstrated and the Academy passed the Level 1 requirements across all three areas of resources, competency and execution that the framework measures against.

Work has also been undertaken to review the current risk management processes to determine if and how these can be improved and the Academy is currently in consultation with the Academy's internal auditors who have already worked with several schools to implement electronic risk management systems. This process is being overseen by the Governing Body.

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

The **Finance & Audit Committee** is a sub-committee of the main 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	3	4
Professor K George MBE , Chair of Finance & General Purposes Committee	4	4
Mr A Hamilton, Headmaster	3	4

Governance Statement (continued)

Review of Value for Money

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

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

1. Improving Educational Outcomes

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

In 2015, 2016 and 2017 the Academy achieved overall Progress 8 scores of +0.15, +0.22 and +0.14 respectively.

Despite students making consistently strong progress, overall attainment remains **relatively low** because of some complex factors. For example, we have a large number of **students with no Key Stage 2 data** who mostly have arrived in the country from non-English speaking countries. In 2017, we had 30 such students representing 20% of our cohort. These students count in attainment figures but are not included in VA scores and indeed Progress 8.

Overall attainment improved from a grade D in 2015 to a D+ in 2017.

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

All Students	2015 Opt in	2016	2017
Overall Progress 8	+0.15	+0.22	+0.14
Maths	+0.1	+0.31	+0.19
English	-0.2	-0.23	+0.18
Ebacc	+0.9	+0.72	+0.44
Open	-0.3	-0.02	-0.23
Disadvantaged Students	2015 Opt in	2016	2017
Overall Progress 8	+0.21	+0.20	+0.25
Maths	+0.15	+0.23	+0.28
English	-0.05	-0.22	+0.28
Ebacc	+0.96	+0.70	+0.58
Open	-0.33	-0.03	-0.14

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.

26% of the cohort obtained the EBacc qualification.

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

Governance Statement (continued)

formulating practice exams on a regular basis.

This work is having a significantly positive impact on student outcomes. On average, a third of a grade improvement per student was achieved in 2017 (-0.22 in 2016 to +0.18 in 2017).

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.**

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 included for 15 days work this had been agreed with the Finance & Audit Committee on a Risk Based and Core Assurance Programme.

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

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

The Academy operations are within approved Accounting Policies and Scheme of Delegation. The Academy continues to undertake benchmarking exercises both on Finance and Governance where part of the independent 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 Finance Handbook including guidance notes for budget holders as well as a separate Business Charge Card Policy & Procedure for Internet Ordering. The Academy has in place a Procurement and Tendering Policy.

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

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

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

- The Academy continued to address its built environment risks and undertook a tender process to replace its exterior windows and doors. This project was carried out over a two year programme. The main programme was completed by year-end 2017. A further variation was executed during half term 2017 to replace a number of external doors.
- A tender process took place to refurbish and fit-out a former caretaker house for SEN support.

Governance Statement (continued)

- A tender process took place on general building works including actions arising from the Academy's Fire Risk Assessment.
- The Academy renewed its Multi-Functional Devices via a procurement competition and a new three year contract was concluded via a Crown Commercial Framework Agreement.

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 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 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Governance Statement (continued)

The Risk and Control Framework

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

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

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the internal auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the year to 31st August 2017 the Internal audit function has delivered their scheduled work as planned which has consisted of:-

- Key Financial Controls
- Follow up 2015/16 including, Framework for Compliance with Legal Requirements- Fraud Whistleblowing Bribery and Student Funding Records
- Framework for compliance with legal requirement Data Protection
- Risk Management Framework

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 20 December 2017 and signed on their behalf, by:



Sir Robert Dowling
Chair of Trustees



Mr Anthony Hamilton
Accounting Officer

George Dixon Academy
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of George Dixon Academy I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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



Mr Anthony Hamilton
Accounting Officer

Date: 20 December 2017

George Dixon Academy
(A company limited by guarantee)

Statement of Trustees' Responsibilities
For the year ended 31 August 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 20 December 2017 and signed on its behalf by:


Sir Robert Dowling
Chair of Trustees

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

Opinion

We have audited the financial statements of George Dixon Academy (the 'Academy') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

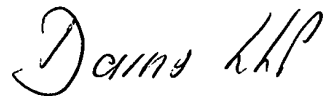
In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy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

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

Auditors' responsibilities for the audit of the financial statements

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

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



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
20 December 2017

George Dixon Academy
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 10 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of George Dixon Academy's funding agreement with the Secretary of State for Education dated 1 September 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

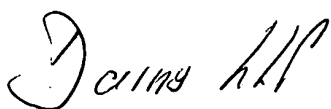
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

George Dixon Academy
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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

20 December 2017

George Dixon Academy
(A company limited by guarantee)

Statement of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	2	105,200	-	76,625	181,825	212,974
Charitable activities:	5					
Funding for the academy trust's educational operations		-	6,622,549	-	6,622,549	6,622,129
Other trading activities	3	8,010	-	-	8,010	8,470
Investments	4	17,056	245	-	17,301	25,154
Total income		130,266	6,622,794	76,625	6,829,685	6,868,727
Expenditure on:						
Charitable activities:						
Academy trust educational operations		100,911	6,942,385	546,040	7,589,336	7,006,541
Total expenditure	8	100,911	6,942,385	546,040	7,589,336	7,006,541
Net income / (expenditure) before transfers		29,355	(319,591)	(469,415)	(759,651)	(137,814)
Transfers between Funds	16	(355,978)	-	355,978	-	-
Net expenditure before other recognised gains and losses		(326,623)	(319,591)	(113,437)	(759,651)	(137,814)
Actuarial losses on defined benefit pension schemes	20	-	(241,000)	-	(241,000)	(713,000)
Net movement in funds		(326,623)	(560,591)	(113,437)	(1,000,651)	(850,814)
Reconciliation of funds:						
Total funds brought forward		2,272,730	(1,207,753)	18,519,886	19,584,863	20,435,677
Total funds carried forward		1,946,107	(1,768,344)	18,406,449	18,584,212	19,584,863

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

Balance Sheet
As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		18,406,449		18,519,886
Current assets					
Debtors	14	210,757		267,947	
Cash at bank and bank		3,202,412		3,985,753	
		<u>3,413,169</u>		<u>4,253,700</u>	
Creditors: amounts falling due within one year	15	(1,066,406)		(1,439,723)	
Net current assets			<u>2,346,763</u>		<u>2,813,977</u>
Total assets less current liabilities			<u>20,753,212</u>		<u>21,333,863</u>
Defined benefit pension scheme liability	20	(2,169,000)		(1,749,000)	
Net assets including pension scheme liabilities			<u><u>18,584,212</u></u>		<u><u>19,584,863</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	16	400,656		541,247	
Restricted fixed asset funds	16	18,406,449		18,519,886	
Restricted income funds excluding pension liability		18,807,105		19,061,133	
Pension reserve		<u>(2,169,000)</u>		<u>(1,749,000)</u>	
Total restricted income funds			<u>16,638,105</u>		<u>17,312,133</u>
Unrestricted income funds	16		<u>1,946,107</u>		<u>2,272,730</u>
Total funds			<u><u>18,584,212</u></u>		<u><u>19,584,863</u></u>

The financial statements on pages 27 to 53 were approved by the Trustees, and authorised for issue, on 20 December 2017 and are signed on their behalf, by:


Sir Robert Dowling
Chair of Trustees

George Dixon Academy
(A company limited by guarantee)

Statement of Cash Flows
For the year ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	<u>(444,665)</u>	<u>904,220</u>
Cash flows from investing activities:			
Bank interest received		17,301	25,154
Purchase of tangible fixed assets		(432,602)	(597,183)
Capital grants from DfE/ESFA		<u>76,625</u>	<u>180,599</u>
Net cash used in investing activities		<u>(338,676)</u>	<u>(391,430)</u>
Change in cash and cash equivalents in the year		(783,341)	512,790
Cash and cash equivalents brought forward		<u>3,985,753</u>	<u>3,472,963</u>
Cash and cash equivalents carried forward	19	<u><u>3,202,412</u></u>	<u><u>3,985,753</u></u>

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1. Accounting Policies (continued)

1.3 Income

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

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

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

Donated goods, facilities and services

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

Donations

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

Other income

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

1. Accounting Policies (continued)

1.4 Expenditure

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

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

1.5 Tangible fixed assets and depreciation

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

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

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

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

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

1. Accounting Policies (continued)

Freehold land is not depreciated.

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

1.6 Debtors

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

1.7 Cash at Bank and in hand

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

1.8 Liabilities and provisions

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

1.9 Financial instruments

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

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

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

1.10 Operating leases

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

1. Accounting Policies (continued)

1.11 Taxation

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

1. Accounting Policies (continued)

1.12 Pensions

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

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

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

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

Depreciation and residual values

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

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Notes to the Financial Statements
For the year ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations for educational visits	13,550	-	-	13,550	12,543
Other incoming resources	24,893	-	-	24,893	17,763
Capital grants	-	-	76,625	76,625	180,599
Insurance income	62,853	-	-	62,853	776
Similar incoming resources	3,904	-	-	3,904	1,293
	<u>105,200</u>	<u>-</u>	<u>76,625</u>	<u>181,825</u>	<u>212,974</u>
<i>Total 2016</i>	<u>31,082</u>	<u>1,293</u>	<u>180,599</u>	<u>212,974</u>	

3. Income from other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	8,010	-	8,010	8,470
	<u>8,010</u>	<u>-</u>	<u>8,010</u>	
<i>Total 2016</i>	<u>8,470</u>	<u>-</u>	<u>8,470</u>	

4. Income from investments

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest received	17,056	245	17,301	25,154
	<u>17,056</u>	<u>245</u>	<u>17,301</u>	
<i>Total 2016</i>	<u>24,897</u>	<u>257</u>	<u>25,154</u>	

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Notes to the Financial Statements
For the year ended 31 August 2017

5. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GA)	-	6,012,750	6,012,750	6,009,986
Pupil premium	-	491,263	491,263	514,640
Other DfE/EFSA grants	-	34,878	34,878	41,750
	-	6,538,891	6,538,891	6,566,376
Other government grants				
Local authority pupil premium	-	11,100	11,100	6,550
New overseas pupil grant income	-	12,000	12,000	20,000
	-	23,100	23,100	26,550
Other funding				
George Dixon Scholarship	-	25,000	25,000	25,000
University placement income	-	35,558	35,558	4,203
	-	60,558	60,558	29,203
	-	6,622,549	6,622,549	6,622,129
<i>Total 2016</i>	-	6,622,129	6,622,129	

6. Direct costs - educational operations

	Total 2017 £	Total 2016 £
Educational supplies	149,192	177,673
Examination fees	76,640	78,355
Staff development	32,732	27,996
Technology costs	267,754	261,820
Educational consultancy	41,518	68,159
Other direct costs	19,412	20,658
Wages and salaries	3,592,113	3,261,293
National insurance	382,157	292,924
Pension cost	700,055	563,827
Depreciation	545,583	501,171
	5,807,156	5,253,876
<i>At 31 August 2016</i>	5,253,876	

Notes to the Financial Statements
For the year ended 31 August 2017

7. Support costs - educational operations

	Total 2017 £	Total 2016 £
Pension income	38,000	35,000
Travel and subsistence	165,551	132,200
Other direct costs	69,831	97,469
Recruitment and support	25,846	78,866
Maintenance of equipment	561,012	440,509
Cleaning	11,274	10,403
Rates	23,220	22,084
Water rates	19,527	17,797
Energy	133,930	143,989
Insurance	34,805	32,426
Transport	7,165	12,305
Technology costs	65,057	68,788
Governance costs	111,323	76,444
Wages and salaries	431,846	508,923
National insurance	31,209	28,293
Pension cost	52,584	47,169
	<u>1,782,180</u>	<u>1,752,665</u>
<i>At 31 August 2016</i>	<u>1,752,665</u>	

8. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Academy's educational operations:					
Direct costs	4,674,325	335,480	797,351	5,807,156	5,253,876
Support costs	515,638	222,755	1,043,787	1,782,180	1,752,665
	<u>5,189,963</u>	<u>558,235</u>	<u>1,841,138</u>	<u>7,589,336</u>	<u>7,006,541</u>
<i>Total 2016</i>	<u>4,702,430</u>	<u>552,956</u>	<u>1,751,155</u>	<u>7,006,541</u>	

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Notes to the Financial Statements
For the year ended 31 August 2017

9. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	545,582	501,169
Auditors' remuneration - audit	7,100	6,800
Auditors' remuneration - other services	3,140	3,165
Internal audit costs	6,420	6,270
Operating lease rentals	243,536	240,036

Notes to the Financial Statements
For the year ended 31 August 2017

10. Staff

a. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	4,018,459	3,762,717
Social security costs	413,365	321,217
Operating costs of defined benefit pension schemes	752,639	610,996
	5,184,463	4,694,930
Staff restructuring costs	5,500	7,500
	5,189,963	4,702,430

b. Non statutory/non contractual staff severance payments

Staff restructuring costs comprise:

Severance payments	5,500	7,500
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Included in severance payments are non statutory/non contractual staff severance payments totalling £5,500 (2016 - £7,500). Individually the payments were £5,500.

c. Staff numbers

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

	2017	2016
	No.	No.
Teaching staff	83	77
Support staff	22	19
Administrative staff	11	11
	116	107

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Teaching staff	81	75
Support staff	16	13
Administrative staff	10	11
	107	99

Notes to the Financial Statements
For the year ended 31 August 2017

10. Staff costs (continued)

d. Higher paid staff

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	2	2
In the band £110,001 - £120,000	1	1

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 £171,749 (2016 - £163,252).

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:

		2017	2016
		£	£
A Hamilton (Headmaster and Trustee)	Remuneration	115,000-120,000	115,000-120,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Mr A Songaryar (Staff Trustee) (resigned 30 May 2016)	Remuneration	NIL	15,000-20,000
	Pension contributions paid	NIL	0-5,000
Mrs S Khan (Staff Trustee) (appointed 23 June 2016)	Remuneration	25,000-30,000	0-5,000
	Pension contributions paid	0-5,000	0-5,000

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, expenses totalling £275 (2016 - £1,302) were reimbursed to 1 Trustee (2016 - 1).

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 2017 was £506 (2016 - £956).

Notes to the Financial Statements
For the year ended 31 August 2017

13. Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2016	19,491,020	586,844	568,370	20,646,234
Additions	388,253	2,846	41,503	432,602
Disposals	-	-	(1,372)	(1,372)
At 31 August 2017	19,879,273	589,690	608,501	21,077,464
Depreciation				
At 1 September 2016	1,298,256	455,483	372,609	2,126,348
Charge for the year	335,480	112,179	97,923	545,582
On disposals	-	-	(915)	(915)
At 31 August 2017	1,633,736	567,662	469,617	2,671,015
Net book value				
At 31 August 2017	18,245,537	22,028	138,884	18,406,449
At 31 August 2016	18,192,764	131,361	195,761	18,519,886

Included in land and buildings is freehold land at cost of £2,829,050 (2016 - £2,829,050) which is not depreciated.

14. Debtors

	2017 £	2016 £
Trade debtors	14,664	-
VAT recoverable	58,764	111,270
Prepayments and accrued income	137,329	156,677
	210,757	267,947

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	568,169	1,172,556
Other creditors	38,615	35,860
Accruals and deferred income	459,622	231,307
	1,066,406	1,439,723

Notes to the Financial Statements
For the year ended 31 August 2017

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

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	33,384	23,332
Resources deferred during the year	12,200	33,384
Amounts released from previous years	(33,384)	(23,332)
Deferred income at 31 August 2017	<u>12,200</u>	<u>33,384</u>

16. Statement of funds

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

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Notes to the Financial Statements
For the year ended 31 August 2017

16. Statement of funds (continued)

Restricted funds

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

Restricted fixed asset funds

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

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Notes to the Financial Statements
For the year ended 31 August 2017

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Designated funds						
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>
General funds						
Unrestricted funds	12,201	64,449	(14,141)	-	-	62,509
	<u>12,201</u>	<u>64,449</u>	<u>(14,141)</u>	<u>-</u>	<u>-</u>	<u>62,509</u>
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>
Restricted funds						
	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	623,651	6,009,986	(5,796,164)	(327,312)	-	510,161
Other DfE / EFSA 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>

16. Statement of funds (continued)

Restricted fixed asset funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Transfer on conversion	18,095,134	-	(419,223)	-	-	17,675,911
DfE / EFSA 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.

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

Notes to the Financial Statements
For the year ended 31 August 2017

16. Statement of funds (continued)

amount of GAG that it could carry forward at 31 August 2017.

17. Analysis of net assets between funds

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

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	18,519,886	18,519,886
Current assets	2,272,730	1,980,970	-	4,253,700
Creditors due within one year	-	(1,439,723)	-	(1,439,723)
Provisions for liabilities and charges	-	(1,749,000)	-	(1,749,000)
	<u>2,272,730</u>	<u>(1,207,753)</u>	<u>18,519,886</u>	<u>19,584,863</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(759,651)	(137,814)
Adjustment for:		
Depreciation charges	545,582	501,169
Bank interest received	(17,301)	(25,154)
Deficit on the sale of fixed assets	457	622
Decrease/(increase) in debtors	57,190	(50,265)
(Decrease)/increase in creditors	(373,317)	701,261
Capital grants from DfE and other capital income	(76,625)	(180,599)
Defined benefit pension scheme cost less contributions payable	179,000	95,000
Net cash (used in)/provided by operating activities	<u>(444,665)</u>	<u>904,220</u>

Notes to the Financial Statements
For the year ended 31 August 2017

19. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	3,202,412	3,985,753
Total	<u>3,202,412</u>	<u>3,985,753</u>

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 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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

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20. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the period amounted to £480,892 (2016 - £453,112).

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

Under the definitions set out in FRS 102, the TPS is 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 2017 was £123,000 (2016 - £142,000), of which employer's contributions totalled £79,000 (2016 - £101,000) and employees' contributions totalled £44,000 (2016 - £41,000). 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:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	3.75 %
Rate of increase for pensions in payment / inflation	2.70 %	2.00 %

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

	2017	2016
Retiring today		
Males	21.8 years	23.1 years
Females	24.3 years	25.8 years
Retiring in 20 years		
Males	24.0 years	25.3 years
Females	26.6 years	28.1 years

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis - present value of total obligation		
Discount rate +0.1%	3,830,000	3,125,000
Discount rate -0.1%	4,031,000	3,287,000
Mortality assumption - 1 year increase	4,057,000	3,290,000
Mortality assumption - 1 year decrease	3,805,000	3,123,000
Increase for pensions +0.1%	4,008,000	3,273,000
Increase for pensions -0.1%	3,852,000	3,139,000

George Dixon Academy
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Notes to the Financial Statements
For the year ended 31 August 2017

20. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,112,000	864,000
Debt instruments	197,000	226,000
Property	129,000	116,000
Cash/liquidity	88,000	93,000
Other	234,000	157,000
	<u>1,760,000</u>	<u>1,456,000</u>
Total market value of assets	<u>1,760,000</u>	<u>1,456,000</u>

The actual return on scheme assets was £260,000 (2016 - £226,000).

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

	2017 £	2016 £
Current service cost	(219,000)	(160,000)
Interest income	33,000	47,000
Interest cost	(71,000)	(82,000)
	<u>(257,000)</u>	<u>(195,000)</u>
Total	<u>(257,000)</u>	<u>(195,000)</u>
Actual return on scheme assets	<u>260,000</u>	<u>226,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,205,000	2,049,000
Current service cost	219,000	160,000
Interest cost	71,000	82,000
Employee contributions	44,000	41,000
Actuarial losses	398,000	892,000
Benefits paid	(8,000)	(19,000)
	<u>3,929,000</u>	<u>3,205,000</u>
Closing defined benefit obligation	<u>3,929,000</u>	<u>3,205,000</u>

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Notes to the Financial Statements
For the year ended 31 August 2017

20. Pension commitments (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,456,000	1,108,000
Return on plan assets	33,000	47,000
Actuarial losses	157,000	179,000
Employer contributions	79,000	101,000
Employee contributions	44,000	41,000
Benefits paid	(8,000)	(19,000)
Administration expenses	(1,000)	(1,000)
	<u>1,760,000</u>	<u>1,456,000</u>
Closing fair value of scheme assets	<u>1,760,000</u>	<u>1,456,000</u>

21. Operating lease commitments

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	251,566	240,036
Between 1 and 5 years	987,581	-
	<u>1,239,147</u>	<u>240,036</u>
Total	<u>1,239,147</u>	<u>240,036</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 (2016 - £11,000) during the year. There were no amounts outstanding as at 31 August 2017 (2016 - £nil).

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

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

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.