

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Mr W G Butler Mr J S Howe Mr A P Dransfield Ms S McGuire Mr T Naylor (appointed 31 March 2017) The Reverend S Grenham-Thompson (appointed 31 March 2017) Rear Admiral R Lane-Nott (appointed 31 March 2017)
Trustees	Mr W G Butler, Chairman Mr J S Howe ¹ Mr A Squires, Headteacher, CEO and Principal Accounting Officer ¹ Mr A P Dransfield ¹ Ms S McGuire ¹ Mrs D Plumb Mr A Brown (resigned 31 May 2017) Mr M S Rawlinson, Staff Trustee (resigned 31 May 2017) ¹ Mr B R Hawthorne ¹ Mr C Solloway, Parent Trustee Mr A Hornshaw, Parent Trustee ¹ Mrs J E Flint Mrs D J Sporn ¹ Mr A F Loftman (appointed 1 August 2017)

¹ Members of the Finance and Buildings committee

Company registered number	07527108
Company name	The Denbigh Alliance (Formerly Denbigh School)
Principal and registered office	Burchard Crescent Shenley Church End Milton Keynes Buckinghamshire MK5 6EX
Senior management team	Mr A Squires, Headteacher Mr I Bacon, Senior Deputy Headteacher Miss J Barford, Assistant Headteacher Miss L Dale, Assistant Headteacher Dr A Frame, Deputy Headteacher Miss J Morton, Assistant Headteacher Mr P Myers, Deputy Headteacher Mr C Price, Assistant Headteacher Mr S Goodall, Assistant Headteacher Mrs H Brown, Assistant Headteacher Mr J Waters, Assistant Headteacher Mr A Steed, Assistant Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditor MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Peterbridge House
The Lakes
Northampton
NN4 7HB

Bankers HSBC
63 George Street
Luton
LU1 2AR

Solicitors Stone King LLP
Wellington House
East Road
Cambridge
England
CB1 1BH

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
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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 period 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 Denbigh Alliance Multi Academy Trust was converted from its previous status as a Single Academy Trust (known as Denbigh School) on 18th March 2017.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area to the western side of Milton Keynes. Students on roll totalled 1,535 as at the Spring School Census 2017. The School commenced the planned pupil expansion in September 2015 effecting an increase in 60 students per year until 2020.

Structure, governance and management

CONSTITUTION

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Denbigh Alliance became a Multi Academy Trust converting from its previous status of converter academy and Denbigh School on 18th March 2017. The trustees of The Denbigh Alliance (Formerly Denbigh School) are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Denbigh School.

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

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.

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust. Details of the costs can be found in note 12 of the accounts.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The members of the trust are responsible for the appointment of trustees except two parent trustees and two staff trustees who will be appointed through an election process directed by the Governing Body. In the event that these positions are not filled, the members of the trust are able to appoint to these positions.

The number of trustees shall be not less than 3 and shall be subject to a maximum of 15.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Trustees are appointed based on the skills that they will bring to the Governing Body or based on a proposal to the Governing Body. On appointment, trustees receive information relating to the trust and Governing Body, attend a briefing and receive an induction pack on the role and responsibilities of governors.

During the year, trustees are offered the necessary training.

ORGANISATIONAL STRUCTURE

The governance of the trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

Part of the process of becoming a multi academy trust entailed appointing a number of new members, which now totals seven. All seven members are appointed as directors of the trust. In addition the trustees (as directors) are members of committees who report to the full Governing Body. There are 8 trustees' committees.

The Finance and Buildings Committee reports to the full Board of Trustees on finance, premises and related issues. The Chairs, Human Resources, Visits and Student Affairs committees report to the full Governing Body. The Board of Trustees meets on at least 3 occasions per year.

Terms of reference exist for each committee which are reviewed annually.

The day to day running of the Trust and School is delegated by the Trust to the Headteacher, Mr Andy Squires, who is the Chief Executive Officer and Accounting Officer of the Trust.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The review of pay for senior leadership personnel takes account of the performance of the organisation, and individuals' results, and is measured using the School's Pay and Appraisal policies.

The Headteacher's salary together with the deputy and assistant headteachers' salaries are reviewed by the Chair and Vice Chair of Governors on an annual basis.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

W G Butler, A P Dransfield, and J S Howe, are trustees of The Denbigh Alliance and are also directors of Shenley Leisure Centre Trust. The academy trust leases the leisure centre to the Shenley Leisure Centre Trust for a peppercorn rent. Details of transactions with the trust in the year are disclosed in note 23 to the financial statements.

Objectives and Activities

OBJECTS AND AIMS

The Trust's object is to advance for the public benefit education for children aged 11 to 19 by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this. Denbigh School is recognised by Ofsted as an Outstanding School and as such was one of the first group of schools across the county to be offered the opportunity by the Government to convert to academy status. This opportunity was taken as it offered the School additional freedom and resources to drive the School forward.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The Trust fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The academy trust's objective for the year ended 31 August 2017 was to raise the attainment level of all students through care and well being, curriculum structure, teaching and learning, and leadership development.

Student roll - the total number on roll for the period 1 March to 31 August 2017 was 1,532.

Admissions the School is currently over subscribed by a ratio of approximately 3:1 with more than 1,100 applications being received for the 260 available places for the September 2017 year 7 intake. This compares to similar numbers for the previous year (September 2016 intake) at 1,105 applications for 260 places.

Attendance the attendance level achieved for the year ending 31 August 2017 was 96% and the School has retained this level of attendance since 2013.

Permanent exclusions – there were no permanent exclusions for the 31 year ending August 2017.

Staffing the average number of (full time equivalent) teaching and admin/support staff employed during the year ended 31 August 2017 was 188 (2016 - 173).

Staff turnover was 17% for the year.

PUBLIC BENEFIT

The trust will promote for the benefit of inhabitants of Milton Keynes and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy trust trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

REVIEW OF ACTIVITIES

1. The academic provisional examination results for the School's GCSE results:

Results	2015	2016	2017
Basics A* - C in both English and Maths	74	75	76
Basics 5+ in English and Maths **	n/a	n/a	56%
5A* - C including English and Maths	73	73	n/a
Attainment 8 score/Grade ***	5.63	5.71	5.33
	C+	C+	B- (equiv.)

** Basics 2017 achieving 9-5 & 9-4 grades, 2016 and 2016 A*- C.

*** 2016 and 2017 equivalent grading 1-9 altered for grade comparison purposes

2. Results showing year on year comparisons for A Level results:

Results	2015	2016	2017
Average points per entry	218	215 (30.2)*	31.2
Percentage pass rate A*-E	100%	100%	97%
Percentage pass rate A*-B	46%	41%	46%
Value Added	0.11	0.22	Not released until Jan'18

* 2017 & 2016 change in points scores from 0-300 to 0-60

KEY PERFORMANCE INDICATORS

The School was graded "Outstanding" by Ofsted in 2009.

The Fischer Family Trust (FFT) is the adopted performance measure and target monitoring tool and is used for all years (7 to 13). The targets provided by the Fischer Family Trust take into account past performance and the profile of student intake.

Denbigh uses targets based on the Fischer Family Trust Aspire 20 grading system (representing the top 20% of schools nationally) as a starting point for setting student targets.

The average point scores per entry at Year 13 for vocational qualifications for 2017 was 31.2 (new measures) and for 2016 was 30.2 with 97% of the cohort achieving one or more passes.

Students making the expected levels of progress in English and Maths are above national averages and FFT targets.

66% of year 11 students choose to study at Denbigh's Sixth Form, and 70% of sixth formers go on to university degree courses.

Attendance levels were recorded at 96% for both 2017 and 2016.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

TEACHING SCHOOL

The school has successfully completed its fifth year review as a Teaching School and funding has been secured until 2020. Work continues around the major themes highlighted by the 'National College for Teaching and Leadership'.

Initial Teacher Training

- Retention rate is 89% for 2016-2017;
- By the end of May 2017, 93% of trainees were either good or outstanding. 81% met target grade.;
- Number of trainees recruited for 2017-2018 - 19 Secondary/13 Primary (May 2017).

Continuing Professional Development and Leadership Development

- In 2016-17, 404 attended courses. This includes 254 places on leadership development training;
- Feedback on all courses and conferences continues to be excellent. Nearly all participants rated their course as good or excellent;
- 27 participants have undertaken TSST Maths and 6 participants have completed TSST MFL (French). Evaluation feedback has been very positive from both mentors and participants. Reported impacts include improved subject knowledge, confidence, and classroom practice. Participating teachers have improved their capacity to deliver courses and take responsibility in their schools;
- From September to March, the SLP delivered 196.7 CPD units against a target of 235. During 2016-17 primary conferences have run in Luton, Milton Keynes and Northants. We have devised bespoke support programmes to support 8 primaries and 8 secondaries (around triple science).

School to School Support

- In 2015-16 we supported a local academy contributing to the school reporting its best results for three years. The percentage of students gaining C grades and better in Maths and English doubled. In English, students making three levels of progress from Key Stage 2 increased to 64%, a fantastic increase of 36% and 17% of students made four levels of progress. The positive trend continued in maths with a further increase on last year. Students leaving with 5A*-C grades, including English and Maths increased to 38%, an 18% increase on last year. We have continued to support this school in 2016-17. In the section 8 monitoring visit in May, Ofsted commented, "Support from a local teaching school has helped leaders to improve their approach to collecting and checking the accuracy of assessment information." Early indications suggest that the results (P8) of this school have risen from -0.48 to -0.6 in 2017;
- In 2016-17, we supported Science in another local school. The deployment was extended following successful impact. The quality of teaching has improved as a consequence. Work was focused around subject knowledge enhancement and coaching. The department is predicting a significant improvement in Science results in August 2017;
- Support was provided to 2 other schools in the South East. One school was supported to introduce an IT course to year 11 students and another was supported around leadership and management, focusing on marking, data tracking and intervention. When the school was inspected following this, it improved its Ofsted rating from Requires Improvement to Good.

Research and Development

- Three teachers successfully completed the Masters in Teaching and Learning course. Recruitment for October 2017 is promising with 5 probable new candidates;
- Following the formal end of the SUPI project, we are in the process of devising a Memorandum of Understanding with the Open University to sustain our partnership and continue to offer opportunities to engage with researchers.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Succession Planning and Talent Management

- Leadership development programmes attract good numbers showing we are supporting succession planning in a number of schools;
- There are 14 teachers undertaking NPQML, 32 completing NPQSL. A bespoke programme has run in 4 local secondaries. 24 teachers completed the RQT programme in Spring 2017.

SCITT

The SCITT has had another excellent year with forty five trainees initially recruited – a significant increase from 2015-2016.

The SCITT maintained the outstanding employment rate: 100% of trainees obtained teaching positions for September 2017 and 88% of them in the local area.

Additionally, this was the first year in which the SCITT commenced training of primary teachers and this has proved highly successful with 93% graded as either good or outstanding at the end of the course.

Maths Hub

The school is the Strategic Lead School for the Enigma Maths Hub, which covers a geographical area including Milton Keynes, Buckinghamshire, Northamptonshire, Bedfordshire, Luton and East Oxfordshire. The Maths Hub works to improve outcomes in mathematics for schools and pupils through high quality CPD for teachers and opportunities for students across all phases from Early Years to Post 16.

The Hub draws its strategic partners from Teaching School Alliances across the region, links with Mathematical Associations such as the National Centre for Excellence in Teaching Mathematics (NCETM), NRICH, Mathematics in Education and Industry (MEI) and the Further Maths Support programme (FMSP). It also benefits from strategic links with Higher Education providers such as the Open University, University of Cambridge and University of Northampton.

The Hub has successfully completed its first three years in operation, making demonstrable impact in development of mathematics teaching and opportunities in a wide range of contexts.

GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust 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

The trust's financial position demonstrates total income of £8,552,523 (excluding restricted fixed asset funds) with a deficit at 31 August 2017 of £455,369 (excluding restricted fixed asset funds and actuarial gains and losses in the year). The deficit has been allocated to reserves.

Reserves were utilised for ICT development and replacement, and for refurbishment, general repairs and improvements to the facilities as part of the School's continuous improvement plan. This ensures the general decoration, maintenance and repairs are maintained at the highest standards.

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TRUSTEES' REPORT (continued)
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The principal financial management policies adopted in the year are:

- conducting regular financial reviews of income and expenditure versus planned budgets at the trustees' Finance and Buildings Committee meetings;
- consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfil the School's educational obligations.

Reserves carried forward at 31 August 2017 will be utilised as part of the medium and long term plans of the School to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the Site and facilities.

RESERVES POLICY

The level of reserves held at 31 August 2017 total £25,114,013 of which £352,414 are deemed to be free reserves. The reserves will be allocated and spent as part of School Improvement Plan to update, improve and maintain its facilities and resources. Reserves are utilised for capital expenditure projects to ensure the facilities are maintained and updated to the highest standards, and for IT replacement projects.

The academy trust has recognised its share of the Local Government Pension Scheme (LGPS) assets and liabilities in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

At 31 August 2017 the total funds comprised:

Unrestricted		352,414
Restricted	Fixed asset funds	27,548,490
	GAG	-
	Pension reserve	(3,060,000)
	Other	273,109
		<u>25,114,013</u>

The deficit on the pension reserve relates to the non teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 21. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for the use of the general purposes of the academy trust, at the discretion of the trustees. The aim of the trustees is to maintain adequate levels of reserve to meet future working capital requirements.

MATERIAL INVESTMENTS POLICY

An Investment Policy has been adopted and implemented by the trustees.

The aim of the policy is to ensure funds that the School does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the School's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The School does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

The School will, after constructing and reporting forecasts versus budgets consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the School not to invest funds in this manner.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The School has implemented a Risk Management Policy and Risk Register in order to assess and consider whether treatment or transfer of certain risks is necessary. The process has enabled the School to adopt a structure that considers risk and review in the decision making process. The objectives are to determine an approach, and where it is considered necessary, put in place measures of control and mitigation in order to manage risk.

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students of the School.

Key controls to mitigate risks are in place as follows:

- An organisational structure with defined roles, responsibilities and authorisation levels;
- Terms of reference for the committees of the Governing Body;
- Financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- Formal written and published policies for employees;
- Vetting procedures as required by law for the protection of the vulnerable.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The academy trust has in place risk management procedures as outlined above. The trustees have assessed the major risks to which the academy trust is exposed and conducted a formal review of the trust's risk management process using the adopted Risk Register. The risk management process and review of major risks is undertaken on an annual basis.

Risk management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those related to the operations and finances of the trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the trust's risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity;
- Principles of the Scheme of Delegation and Terms of reference for all Trustee meetings under the direction of the Board of Trustees;
- Pecuniary interests of trustees reviewed at each meeting;
- Comprehensive budgeting and management reporting;
- Established organisational structure and clear lines of reporting;
- Formal written policies including a Risk Management Policy;
- Clear authorisation and approval levels.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

FUTURE DEVELOPMENTS

Whole School objectives for the 2017-18 year include:

To continue to develop and fully embed changes and improvements supporting the 5 year curriculum as follows:

Teaching and learning

- To further develop and improve quality and consistency;
- To continue to improve behaviour for learning in the classroom.

Marking and feedback

- To develop and improve quality and consistency.

Curriculum and Assessment

- To further develop the new grading assessments (9-1);
- New A Level specifications.

To carefully plan and manage the continuing growth of The Denbigh Alliance due to expanding pupil numbers in both the main School and Sixth Form.

Teaching School objectives

The Teaching School will continue to increase the numbers of well qualified trainees coming through teacher training ranks into Milton Keynes schools.

The Teaching School will continue to provide a range of CPD opportunities including TSST Maths, HLTA and Science. It will offer an NQT appropriate service, SEN training (in partnership with Slated Row) and aim to increase the numbers on the Masters in Teaching and Learning course

The Teaching School will continue to expand the SLP focusing on providing DFE funded bespoke support to targeted secondary schools to enable them to develop GCSE Triple Science. DFE bespoke support will also be provided to targeted primaries whose performance in Science is not as strong as in English and Maths.

The Teaching School will continue to work with MKTSA and Oakgrove Teaching School consortium to develop "Teaching Schools MK" to offer a coherent local teaching school offer around CPD, Leadership Development and School to School support.

The Teaching School will develop relationships and partnerships with local and regional groups to bid for funding to provide school to school support projects through the School Strategic Improvement Fund. This includes contributing to the MK Academies CEO's group and the Milton Keynes and Northants SSIF groups.

The Teaching School will develop its role as the regional license holder for the NPQML.

Following the end of the SUPI programme, the Teaching School will devise a Memorandum of Understanding with the Open University to sustain our partnership and continue to offer opportunities to engage with researchers.

In addition the Teaching School will continue to:

- Develop high quality leadership pathways for aspirant leaders;
- Further develop its research and development portfolio to inform developments in teaching and learning.

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TRUSTEES' REPORT (continued)
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Maths Hub objectives

Future Maths Hub objectives are built around a number of Key National collaborative projects and some identified priorities that will be addressed through professional learning activities both in and outside the classroom. This year we will also be supporting the recruitment and supply of Mathematics teachers through the TSST programme delivered by the Denbigh Teaching School Alliance. This includes providing a bespoke package of support to a nearby Local Authority who are embarking on a transition from a three tier to two tier education structure.

National Collaborative Projects

- Embedding a Mastery approach to the teaching of mathematics across all phases;
- A fourth China-England teacher exchange in order to develop the expertise of Specialist Mastery Teachers;
- Increasing the participation and success rate for students in post-16 Mathematics;
- Developing Mathematical reasoning strategies for teaching and learning;
- Primary Mathematics Teaching for Mastery Specialists Programme.

Identified Enigma Maths Hub key priorities

- The use of Singapore style Bar Modelling;
- Exploring Algebra in the Secondary classroom;
- Training for teachers on the new A-level curriculum;
- Promoting success with Mathematics STEP and Oxbridge entrance exams;
- Welcome to A-level Maths conference for Year 11 students;
- Understanding and using Problem Solving approaches in mathematics;
- Accredited Professional Development Leadership programme for both Primary and Secondary teachers;
- Supporting regional wide subject leader networks;
- Mathematics training for Teaching Assistants;
- Understanding the 1-9 GCSE curriculum;
- Developing Resilience in the Mathematics classroom;
- Promoting Number Sense in the Primary classroom.

SCITT Objectives

The SCITT begins its third year in September 2017 after securing significant successes since its inception in September 2015 and following its first year encompassing both secondary and primary trainees.

Trainee numbers have increased again for the year beginning September 2017.

The Ofsted report is awaited, following the first stage of a two-part inspection in June 2017, the quality of the service has been validated by our external examiners.

In particular, Ofsted judged that the SCITT undertakes 'rigorous recruitment and selection with full engagement of partnership schools' and that 'high quality, personalised training and bespoke support is given to trainees at all stages from recruitment to completion'.

FUNDS HELD AS CUSTODIAN

The School operates a School Fund account with a separate accounting system and bank account, for the purpose of managing income and expenditure for trips, activities and other events undertaken for students. The income and expense and fund balances are included in the year end accounts of the academy trust for the year ended 31 August 2017.

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TRUSTEES' REPORT (continued)
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DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13/11/2017 and signed on its behalf by:



Mr W G Butler
Chair of Trustees



Mr A P Dransfield
Trustee

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, 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 The Denbigh Alliance (Formerly Denbigh School) 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 3 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
Mr W G Butler, Chairman	3	3
Mr J S Howe	3	3
Mr A Squires, Headteacher, CEO and Principal Accounting Officer	3	3
Mr A P Dransfield	3	3
Ms S McGuire	2	3
Mrs J E Flint	3	3
Mr A Brown	3	3
Mr M S Rawlinson, Staff Trustee	3	3
Mr A Hornshaw, Parent Trustee	3	3
Mr B R Hawthorne	2	3
Mr C Solloway, Parent Trustee	3	3
Mrs D Plumb	3	3
Mrs D J Sporn	3	3

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GOVERNANCE STATEMENT (continued)

The Finance and Buildings Committee is a sub committee of the main board of trustees. Its purpose is to monitor and review the School's income and expenditure versus its budget plan throughout the year, to recommend approval of the annual budget, and to ensure the School operates within the financial guidelines laid down in the School's Finance Manual.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Squires	6	7
Mr J S Howe	7	7
Mr A P Dransfield	6	7
Ms S McGuire	7	7
Mr M S Rawlinson	5	7
Mr B R Hawthorne	5	7
Mr A Hornshaw	3	7
Mrs D J Sporn	5	7

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the academy trust 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Conducting regular reviews of the School's financial position and forecast versus the annual budgets, taking any necessary action to manage expenditure;
- Presenting monthly management accounts to the Finance and Buildings Committee for scrutiny and review;
- Conducting a review of the associate staffing support structures and implementing a revised service with greater centralisation and cross functional cover provision;
- A continuous review approach is in place in regard to operational expenditure and is imbedded into the organisation's approach. Examples include the implementation of rigorous reviews of vacant staff positions to consider updating the ways of working and operational infrastructure. The site teams continue to review of the structure and expenditure relating to the site and premises, wherever possible considering whether the training and development of staff serves to create efficient use of resources.

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Denbigh Alliance (Formerly Denbigh School) 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust'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.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Thompsons MK, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. Three audits were carried out during the year 1 September 2016 to 31 August 2017 and findings were reported to the Finance and Buildings Committee. There were no material control issues arising as a result of the RO's work. In particular the checks carried out in the current period included:

- Testing of management reports to system generated reports;
- Testing of bank balances and bank reconciliations;
- Testing of purchase ledger orders versus respective invoices and payments made, and
- Testing of payroll systems.

On a termly basis, the RO reports to the board of trustees through the Finance and Buildings Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the academy trust 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 Buildings 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 13/11/2017 and signed on their behalf, by:



Mr W G Butler
Chair of Trustees



Mr A Squires
Accounting Officer

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Denbigh Alliance (Formerly Denbigh School) 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 A Squires
Accounting Officer

13/11/2017

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who act as governors of The Denbigh Alliance (Formerly Denbigh School) 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 13/11/2017 and signed on its behalf by:



Mr W G Butler
Chair of Trustees

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)

OPINION

We have audited the financial statements of The Denbigh Alliance (Formerly Denbigh School) for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating income and expenditure account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust 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 trust'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 OF 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)

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 Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)

In preparing the financial statements, the trustees are responsible for assessing the academy trust'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 trust's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S 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 Auditor's 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. The description forms part of our Auditor's report.



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date:

11 July 2017

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL) AND THE EDUCATION AND SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 20 September 2017 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 The Denbigh Alliance (Formerly Denbigh School) 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 The Denbigh Alliance (Formerly Denbigh School) and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Denbigh Alliance (Formerly Denbigh School) 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 The Denbigh Alliance (Formerly Denbigh School) and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Denbigh Alliance (Formerly Denbigh School)'s funding agreement with the Secretary of State for Education dated 25 October 2010, 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 trust's income and expenditure.

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL) AND THE EDUCATION AND SKILLS FUNDING
AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of meetings of The Academy Trust and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of The Academy Trust, with reference to the income streams and other information available to us as auditors of The Academy Trust;
- Testing a sample of payroll payments to staff;
- Testing a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate;
- Making appropriate enquiries of the Accounting Officer.

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.



MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 11 July 2017

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING 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	3	-	-	29,974	29,974	558,831
Charitable activities:	4					
Funding for the academy trust's educational operations		-	8,127,040	-	8,127,040	7,529,874
Other trading activities	5	88,709	145,461	-	234,170	324,594
Investments	6	-	-	-	-	4,703
Teaching School		-	191,313	-	191,313	254,608
TOTAL INCOME		88,709	8,463,814	29,974	8,582,497	8,672,610
EXPENDITURE ON:						
Raising funds		28,860	146,349	-	175,209	208,032
Charitable activities:						
Academy trust educational operations		-	8,446,310	936,671	9,382,981	9,128,444
Teaching School		-	178,296	-	178,296	248,690
TOTAL EXPENDITURE	7	28,860	8,770,955	936,671	9,736,486	9,585,166
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	17	59,849 (10,684)	(307,141) (197,393)	(906,697) 208,077	(1,153,989) -	(912,556) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		49,165	(504,534)	(698,620)	(1,153,989)	(912,556)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	1,142,000	-	1,142,000	(1,699,000)
NET MOVEMENT IN FUNDS		49,165	637,466	(698,620)	(11,989)	(2,611,556)
RECONCILIATION OF FUNDS:						
Total funds brought forward		303,249	(3,424,357)	28,247,110	25,126,002	27,737,558
TOTAL FUNDS CARRIED FORWARD		352,414	(2,786,891)	27,548,490	25,114,013	25,126,002

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)
REGISTERED NUMBER: 07527108

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		27,029,447		27,892,850
CURRENT ASSETS					
Debtors	14	184,444		255,046	
Cash at bank and in hand	20	1,763,209		1,739,028	
			<u>1,947,653</u>	<u>1,994,074</u>	
CREDITORS: amounts falling due within one year	15	(778,712)		(885,797)	
NET CURRENT ASSETS			<u>1,168,941</u>		<u>1,108,277</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>28,198,388</u>		<u>29,001,127</u>
CREDITORS: amounts falling due after more than one year	16		<u>(24,375)</u>		<u>(28,125)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>28,174,013</u>		<u>28,973,002</u>
Defined benefit pension scheme liability	21		<u>(3,060,000)</u>		<u>(3,847,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>25,114,013</u></u>		<u><u>25,126,002</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
Restricted income funds	17	273,109		422,643	
Restricted fixed asset funds	17	27,548,490		28,247,110	
			<u>27,821,599</u>	<u>28,669,753</u>	
Restricted income funds excluding pension liability			<u>(3,060,000)</u>	<u>(3,847,000)</u>	
Pension reserve					
Total restricted income funds			<u>24,761,599</u>		<u>24,822,753</u>
Unrestricted income funds	17		<u>352,414</u>		<u>303,249</u>
TOTAL FUNDS			<u><u>25,114,013</u></u>		<u><u>25,126,002</u></u>

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 25 to 51 were approved by the trustees, and authorised for issue, on 13/11/2017 and are signed on their behalf, by:



Mr A P Dransfield
Trustee



Mr W G Butler
Trustee

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(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 provided by operating activities	19	<u>97,451</u>	<u>588,643</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		-	4,703
Purchase of tangible fixed assets		<u>(73,270)</u>	<u>(730,290)</u>
Net cash used in investing activities		<u>(73,270)</u>	<u>(725,587)</u>
Change in cash and cash equivalents in the year		24,181	(136,944)
Cash and cash equivalents brought forward		<u>1,739,028</u>	<u>1,875,972</u>
Cash and cash equivalents carried forward		<u><u>1,763,209</u></u>	<u><u>1,739,028</u></u>

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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.

The Denbigh Alliance (Formerly Denbigh School) 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 trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants

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

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

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

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.

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 Raising Funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 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 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. 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:

THE DENBIGH ALLIANCE (FORMERLY DENBIGH SCHOOL)
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

Freehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	10% straight line
Office equipment	-	20% straight line
Computer equipment	-	20% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

1.6 Liabilities

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

1.7 Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 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.

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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.

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1. ACCOUNTING POLICIES (continued)

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

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

1.14 Fund accounting

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

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

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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

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1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 21, 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.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2017.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	-	29,974	29,974	558,831
<i>Total 2016</i>	-	-	558,831	558,831	

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4. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	6,951,826	6,951,826	6,725,952
Other ESFA grants	-	62,335	62,335	62,337
Pupil premium	-	197,812	197,812	197,379
Maths Hub Income	-	370,848	370,848	197,000
16 - 19 bursary	-	21,985	21,985	-
SCITT	-	56,250	56,250	45,400
	-	7,661,056	7,661,056	7,228,068
Other government grants				
Local authority grants	-	129,784	129,784	135,416
Maths Hub Income	-	900	900	700
SCITT	-	-	-	5,040
Other government grants	-	20,000	20,000	-
	-	150,684	150,684	141,156
Other funding				
Maths Hub Income	-	300	300	900
SCITT	-	315,000	315,000	159,750
	-	315,300	315,300	160,650
	-	8,127,040	8,127,040	7,529,874
<i>Total 2016</i>	-	7,529,874	7,529,874	

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NOTES TO THE FINANCIAL STATEMENTS
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5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Catering income	-	-	-	101,692
Exam, music tuition, uniforms, miscellaneous	54,749	-	54,749	59,048
Rental income and hire of facilities	33,960	-	33,960	17,420
School fund	-	145,461	145,461	146,434
	<u>88,709</u>	<u>145,461</u>	<u>234,170</u>	<u>324,594</u>
<i>Total 2016</i>	<u>178,160</u>	<u>146,434</u>	<u>324,594</u>	

6. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	-	-	-	4,703
	<u>4,703</u>	<u>-</u>	<u>4,703</u>	
<i>Total 2016</i>	<u>4,703</u>	<u>-</u>	<u>4,703</u>	

7. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	175,209	175,209	208,032
Academy's educational operations:					
Direct costs	5,427,455	547,158	1,076,751	7,051,364	6,907,992
Allocated support costs	1,200,827	833,215	297,575	2,331,617	2,220,452
Teaching School	-	-	178,296	178,296	248,690
	<u>6,628,282</u>	<u>1,380,373</u>	<u>1,727,831</u>	<u>9,736,486</u>	<u>9,585,166</u>
<i>Total 2016</i>	<u>6,459,308</u>	<u>1,487,570</u>	<u>1,638,288</u>	<u>9,585,166</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational operations	7,051,364	2,331,617	9,382,981	9,128,444
<i>Total 2016</i>	<u>6,907,992</u>	<u>2,220,452</u>	<u>9,128,444</u>	

Analysis of support costs

	2017 £	2016 £
Support staff costs	1,200,827	984,488
Depreciation	389,513	466,944
Premises costs	443,702	473,468
Other support costs	285,850	275,214
Governance costs	11,725	20,338
Total support costs	<u>2,331,617</u>	<u>2,220,452</u>

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	936,673	1,014,101
Auditor's remuneration - audit	10,500	10,000
Staff pension contributions	<u>830,140</u>	<u>826,794</u>

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10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,939,225	5,022,449
Social security costs	469,377	393,906
Operating costs of defined benefit pension schemes	1,103,140	931,794
	<u>6,511,742</u>	<u>6,348,149</u>
Apprenticeship levy	4,426	-
Supply teacher costs	112,114	111,159
	<u><u>6,628,282</u></u>	<u><u>6,459,308</u></u>

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

	2017 No.	2016 No.
Teachers	86	93
Administration and support staff	89	103
Management staff	13	13
	<u>188</u>	<u>209</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	2	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £71,286 (2016 - £49,166).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,034,302 (2016 - £1,006,860).

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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 £
Mr A Squires, Headteacher and Accounting Officer	Remuneration	100,000-105,000	95,000-100,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Mr M S Rawlinson, Staff Trustee	Remuneration	15,000-20,000	25,000-30,000
	Pension contributions paid	0-5,000	0-5,000
Mrs J T Astley-Jones, Staff Trustee	Remuneration	N/A	0-5,000
	Pension contributions paid	N/A	0-5,000
Mr A Brown	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year ended 31 August 2017, no trustees received any reimbursement of expenses (2016 - £Nil).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

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13. TANGIBLE FIXED ASSETS

	Freehold property £	Office equipment £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 September 2016	30,319,258	184,713	923,948	953,046	16,695	32,397,660
Additions	-	10,949	39,385	22,936	-	73,270
At 31 August 2017	<u>30,319,258</u>	<u>195,662</u>	<u>963,333</u>	<u>975,982</u>	<u>16,695</u>	<u>32,470,930</u>
Depreciation						
At 1 September 2016	3,131,537	89,190	536,390	730,998	16,695	4,504,810
Charge for the year	654,010	14,586	155,411	112,666	-	936,673
At 31 August 2017	<u>3,785,547</u>	<u>103,776</u>	<u>691,801</u>	<u>843,664</u>	<u>16,695</u>	<u>5,441,483</u>
Net book value						
At 31 August 2017	<u>26,533,711</u>	<u>91,886</u>	<u>271,532</u>	<u>132,318</u>	<u>-</u>	<u>27,029,447</u>
At 31 August 2016	<u>27,187,721</u>	<u>95,523</u>	<u>387,558</u>	<u>222,048</u>	<u>-</u>	<u>27,892,850</u>

14. DEBTORS

	2017 £	2016 £
Trade debtors	15,909	9,241
VAT repayable	9,392	87,545
Prepayments and accrued income	159,143	158,260
	<u>184,444</u>	<u>255,046</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	226,493	425,924
Other taxation and social security	119,111	127,976
Salix loan	5,625	1,875
Other creditors	121,788	33,047
Accruals and deferred income	305,695	296,975
	<u>778,712</u>	<u>885,797</u>
	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	72,625	73,794
Resources deferred during the year	51,894	72,625
Amounts released from previous years	(72,625)	(73,794)
Deferred income at 31 August 2017	<u>51,894</u>	<u>72,625</u>

Deferred income held at the balance sheet date includes Devolved Formula Capital of £17,975 (2016 - £17,135), rates relief of £nil (2016 - £22,469), growth funding income of £31,980 (2016 - £31,980) and sundry deferred income of £1,939 (2016 - £1,041).

16. CREDITORS: Amounts falling due after more than one year

	2017	2016
	£	£
Salix loan	<u>24,375</u>	<u>28,125</u>

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17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	303,249	88,709	(28,860)	(10,684)	-	352,414
Restricted funds						
General Annual Grant (GAG)	-	6,951,827	(6,951,827)	-	-	-
Other government grants	246,347	1,236,742	(1,187,995)	(21,985)	-	273,109
Local Authority	-	129,784	(129,784)	-	-	-
School funds	(3,586)	145,461	(146,349)	4,474	-	-
Transfer from Local Authority	179,882	-	-	(179,882)	-	-
Defined benefit pension scheme	(3,847,000)	-	(355,000)	-	1,142,000	(3,060,000)
	<u>(3,424,357)</u>	<u>8,463,814</u>	<u>(8,770,955)</u>	<u>(197,393)</u>	<u>1,142,000</u>	<u>(2,786,891)</u>
Restricted fixed asset funds						
DfE/ESFA capital grant	278,996	29,974	-	(45,074)	-	263,896
Capital expenditure from GAG	1,161,650	-	(235,297)	73,269	-	999,622
Transfer from Local Authority	26,731,200	-	(701,374)	-	-	26,029,826
Local Authority capital grant	75,264	-	-	179,882	-	255,146
	<u>28,247,110</u>	<u>29,974</u>	<u>(936,671)</u>	<u>208,077</u>	<u>-</u>	<u>27,548,490</u>
Total restricted funds	<u>24,822,753</u>	<u>8,493,788</u>	<u>(9,707,626)</u>	<u>10,684</u>	<u>1,142,000</u>	<u>24,761,599</u>
Total of funds	<u>25,126,002</u>	<u>8,582,497</u>	<u>(9,736,486)</u>	<u>-</u>	<u>1,142,000</u>	<u>25,114,013</u>

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17. 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 £
Unrestricted funds						
Unrestricted funds	177,245	182,863	(56,859)	-	-	303,249
	<u>177,245</u>	<u>182,863</u>	<u>(56,859)</u>	<u>-</u>	<u>-</u>	<u>303,249</u>
Restricted funds						
General Annual Grant (GAG)	506,333	6,725,952	(7,164,820)	(67,465)	-	-
Other government grants	213,573	923,114	(884,796)	(5,544)	-	246,347
Local Authority	-	135,416	(135,416)	-	-	-
School funds	1,153	146,434	(151,173)	-	-	(3,586)
Transfer from Local Authority	243,255	-	-	(63,373)	-	179,882
Defined benefit pension scheme	(1,970,000)	-	(178,000)	-	(1,699,000)	(3,847,000)
	<u>(1,005,686)</u>	<u>7,930,916</u>	<u>(8,514,205)</u>	<u>(136,382)</u>	<u>(1,699,000)</u>	<u>(3,424,357)</u>
Restricted fixed asset funds						
DfE/ESFA capital grant	307,325	-	-	(28,329)	-	278,996
Capital expenditure from GAG	634,163	558,831	(202,804)	171,460	-	1,161,650
Transfer from Local Authority	27,542,498	-	(811,298)	-	-	26,731,200
Local Authority capital grant	82,013	-	-	(6,749)	-	75,264
	<u>28,565,999</u>	<u>558,831</u>	<u>(1,014,102)</u>	<u>136,382</u>	<u>-</u>	<u>28,247,110</u>
Total restricted funds	<u>27,560,313</u>	<u>8,489,747</u>	<u>(9,528,307)</u>	<u>-</u>	<u>(1,699,000)</u>	<u>24,822,753</u>
Total of funds	<u>27,737,558</u>	<u>8,672,610</u>	<u>(9,585,166)</u>	<u>-</u>	<u>(1,699,000)</u>	<u>25,126,002</u>

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

The transfer between the restricted funds and restricted fixed asset funds represents amounts capitalised during the period.

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17. STATEMENT OF FUNDS (continued)

Restricted general funds will be used for educational purposes in line with academy trust's objects and its funding agreement with the ESFA.

Restricted fixed assets funds amounting to £27,029,447 (2016 - £27,892,850) will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the academy trust's facilities.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	27,029,447	27,029,447
Current assets	352,414	1,076,196	519,043	1,947,653
Creditors due within one year	-	(778,712)	-	(778,712)
Creditors due in more than one year	-	(24,375)	-	(24,375)
Pension scheme liability	-	(3,060,000)	-	(3,060,000)
	<u>352,414</u>	<u>(2,786,891)</u>	<u>27,548,490</u>	<u>25,114,013</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	-	-	27,892,850	27,892,850
Current assets	303,249	1,336,565	354,260	1,994,074
Creditors due within one year	-	(885,797)	-	(885,797)
Creditors due in more than one year	-	(28,125)	-	(28,125)
Pension scheme liability	-	(3,847,000)	-	(3,847,000)
	<u>303,249</u>	<u>(3,424,357)</u>	<u>28,247,110</u>	<u>25,126,002</u>

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19. 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)	(1,153,989)	(912,556)
Adjustment for:		
Depreciation charges	936,673	1,014,101
Dividends, interest and rents from investments	-	(4,703)
Decrease/(increase) in debtors	70,602	(25,428)
(Decrease)/increase in creditors	(110,835)	339,229
Defined benefit pension scheme cost less contributions payable	273,000	105,000
Defined benefit pension scheme finance cost	82,000	73,000
Net cash provided by operating activities	97,451	588,643

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,763,209	1,739,028
Total	1,763,209	1,739,028

21. PENSION COMMITMENTS

The academy trust'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 [insert name]. 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, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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21. PENSION COMMITMENTS (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £601,914 (2016 - £592,069).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:
(www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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21. PENSION COMMITMENTS (continued)

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

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

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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 £299,000 (2016 - £310,000), of which employer's contributions totalled £228,000 (2016 - £235,000) and employees' contributions totalled £71,000 (2016 - £75,000). The agreed contribution rates for future years are 19.1% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %

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	23.9	23.8
Females	26.0	26.2
Retiring in 20 years		
Males	26.2	26.1
Females	28.3	28.5

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21. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	509,000	525,000
Discount rate -0.1%	534,000	553,000
Mortality assumption - 1 year increase	538,000	553,000
Mortality assumption - 1 year decrease	505,000	526,000
CPI rate +0.1%	534,000	553,000
CPI rate -0.1%	509,000	526,000

The academy trust's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,937,000	1,732,000
Gilts	788,000	797,000
Property	256,000	259,000
Cash and other liquid assets	119,000	104,000
Alternative assets	368,000	275,000
	<u>3,468,000</u>	<u>3,167,000</u>
Total market value of assets	<u>3,468,000</u>	<u>3,167,000</u>

The actual return on scheme assets was £408,000 (2016 - £422,000).

The amounts recognised in the Statement of Financial Activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Interest income	71,000	105,000
Interest cost	(153,000)	(178,000)
Admin expenses	(3,000)	(20,000)
Current service cost	(498,000)	(359,000)
Losses, curtailment and settlements	-	39,000
	<u>(583,000)</u>	<u>(413,000)</u>
Total	<u>(583,000)</u>	<u>(413,000)</u>

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21. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	7,014,000	4,569,000
Interest cost	153,000	178,000
Employee contributions	71,000	75,000
Actuarial (gains)/losses	(1,014,000)	2,016,000
Benefits paid	(194,000)	(37,000)
Gains on curtailments	-	(146,000)
Current service cost	498,000	359,000
	<u>6,528,000</u>	<u>7,014,000</u>
Closing defined benefit obligation	<u>6,528,000</u>	<u>7,014,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	3,167,000	2,599,000
Administration expenses	(3,000)	(20,000)
Actuarial losses	128,000	317,000
Employer contributions	228,000	235,000
Employee contributions	71,000	75,000
Benefits paid	(194,000)	(37,000)
Settlement prices paid	-	(107,000)
Return on plan assets	71,000	105,000
	<u>3,468,000</u>	<u>3,167,000</u>
Closing fair value of scheme assets	<u>3,468,000</u>	<u>3,167,000</u>

22. 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	13,751	13,751
Between 1 and 5 years	27,503	41,254
	<u>41,254</u>	<u>55,005</u>
Total	<u>41,254</u>	<u>55,005</u>

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23. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust'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 trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the year:

Mr W G Butler, Mr A P Dransfield, Mr J S Howe, Mr B R Hawthorne, Mr A Squires and Mrs S McGuire are directors of Shenley Leisure Centre Trust. The academy trust leases the leisure centre to Milton Keynes Council for a peppercorn rent who have a sub-lease with the Shenley Leisure Centre Trust.

During the year, the academy trust received £54,615 (2016 - £51,399) from the Shenley Leisure Centre Trust, in respect of a licence fee for a shared facilities agreement and recharges of utility costs. The academy also paid £6,497 (2016 - £Nil) to the Leisure Centre in respect of repairs to shared areas as well as cleaning costs. At the year end there was a balance due from Shenley Leisure Centre Trust of £3,938 (2016 - £4,041).

Mrs C Squires, the wife of the Head teacher, Mr A Squires, is employed by the academy as a teacher. Her remuneration is discussed by the trustees and is in line with all other teaching staff at a similar grade.

There were no other transactions with related parties in the year.

24. CONTROLLING PARTY

There is no ultimate controlling party.

25. COMPANY LIMITED BY GUARANTEE

The academy trust is a company limited by guarantee and does not have share capital.

26. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £34,137 (2016 - £29,368) and disbursed £27,552 (2016 - £24,477) and purchased fixed assets totalling £21,985 from the fund. An amount of £17,372 (2016 - £32,772) is included in other creditors relating to undistributed funds that is repayable to ESFA.

27. MEMBERS' LIABILITY

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