

Education Swanage Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year from 1 September 2015 to 31 August 2016

Company Registration Number 07613612

COMPANIES
HOUSE

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Name: Education Swanage Limited [The Swanage School].

Exempt Charity Number: EW02086

Registered Office: The Swanage School, High Street, Swanage, DORSET BH19 2PH

Registered Company Number: 07613612

Names of Trustees:

Name	Member of Committee	Appointments and Resignations since 1 September 2015		Roles
		Start Dates	End Dates	
Paul Angel	ST		14 September 2016	Chair [to 17 Sep 2015]
Geoff Atkinson	ALL			Chair [from 17 Sep 2015]
Nick Brady	ST			
Vikki Edwards	SF		18 May 2016	
Lisa Gray	ST	16 October 2013	17 September 2015	Staff Governor
Mark Hatto	SF	1 February 2016		Parent Governor
Tristram Hobson	ALL			Headteacher & Accounting Officer
William Knight	FP, SF			
John Lejeune	FP, ST			Parent Governor
Tim Marcus	FP, CE	14 September 2016		
Nicola Newman	FP, CE	14 September 2016		
Steve Parker	FP, SF,			Responsible Officer
James Peacock	ST	12 April 2016		Staff Governor
Amanda Rowley	FP, CE			Vice Chair [from 17 Sep 2015]
Catherine Starmer-Howes	FP	14 September 2016		
Helen O'Connor	ST		4 October 2015	Vice Chair [to 17 Sep 2015]
John Palmer-Snellin	ST, SF		14 September 2016	
Lorna Russ	ST	4 February 2015	17 September 2015	Parent Governor
Alison Stevens	ST			
Carl Styants	SF, FP, CE			
Nicola Taylor	ST	12 April 2016		Staff Governor
Isobel Tooley	FP, ST			
Emily Wyer	ST	4 October 2015		

Senior Leadership Team at The Swanage School:

Headteacher: Tristram Hobson **Deputy Headteacher:** Jenny Maraspin **Business Manager:** Katy Kerr

Auditors: Ward Goodman

Cedar Park, Cobham Road, Ferndown Industrial Estate, Wimborne, DORSET, BH21 7SF

Key to committee membership:*Finance & Premises: FP**Staffing: SF**Student: ST**Community & Engagement: CE*
from June 2016**Trustees Annual Report**

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

Principal Activities

The trust operates a free school for pupils aged 11 to 16 serving a catchment of Swanage and the surrounding villages. It has a pupil capacity of 420 and had a roll of 294 in the school census on 6th October 2016.

Structure Governance and Management**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Education Swanage Limited are also the directors of the charitable company for the purposes of company law, and described as governors or trustees within the body of this report and in the day to day operations of the school. The charitable company is known as Education Swanage Limited.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 3.

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.

Trustee Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. Appropriate insurance is in place as specified in Note 9 of the accounts.

Method of Recruitment and Appointment or Election of Trustees (Governors)

The Swanage School's Governing Body comprises up to 12 Governors who are appointed by the members of Education Swanage, the Headteacher, two Parent Governors, two Staff Governors (providing that the total number of such Governors, including the Headteacher, who are employees of the Academy Trust does not exceed one third of the total number of Governors). The Articles of Association require there to be a minimum of three Governors.

Parent Governors are elected by the parents of current pupils of The Swanage School.

Staff Governors are elected by the staff currently employed by The Swanage School.

Policies and Procedures Adopted for the Induction and Training of Trustees

All Governors receive induction training and are supplied with copies of policies, procedures, minutes, budgets, plans and other documents that they will require to undertake their role as Governor. During the year, the Governors held 9 Full Governing Body meetings.

Governors receive no remuneration or benefits in respect of their duties as Governors but are reimbursed for expenses incurred in carrying out their duties as Governors.

Organisational Structure

The Governing Body meets once per half term and is responsible for establishing the framework for Governance of The Swanage School and for agreeing membership, determining schemes of delegation and establishing terms of reference for sub committees. In conjunction with the Head Teacher it sets the aims and objectives for the school, agrees policies and sets targets. It receives reports and policy documents from its Committees for ratification and monitors the activities of those Committees through the Minutes of their meetings. It also monitors the progress of the school towards the achievement of the aims and objectives and in light of that progress reviews the strategic framework.

Under the Scheme of Delegation some activities and functions are delegated to the committees, the Head Teacher and the Strategic Leadership Team.

The committees below meet up to six times per year and have the following key responsibilities:

Community and Engagement Committee: has oversight of all aspects of publicity and community engagement.

Finance and Premises Committee: make delegated decisions and make recommendations to the full governing body so as to ensure sound management of the school's finances and resources. The committee has delegated powers on financial, internal audit, building and environmental matters.

Staffing Committee: has oversight of all policies and processes used for the recruitment, retention, release and development of the staff of the School. The committee consults with and supports the Headteacher with strategic aspects of staff restructures, establishes performance review and approves performance management policy annually.

Student Committee: has oversight of all aspects of learning and welfare that relate to students, including Social Moral Spiritual Cultural (SMSC) and the curriculum. It reviews all policies relating to curriculum.

The following decisions are among those reserved for the Full Governing Body:

- Appointment/dismissal of Headteacher
- Appointment/dismissal of Deputy Headteacher
- Agree limits of delegation
- Agree salary ranges and annual performance related increments for key management personnel
- Appoint Accounting Officer
- Appoint Responsible Officer
- Agree arrangements for the provision of sex education
- Agree arrangements for the prohibition of political indoctrination
- Approve school budget
- Approve annual: Financial report, DfE returns and Report to parents
- Approve admission arrangements
- Agree policies for: SEN, all other policies may be delegated
- Regulate Governing body procedures
- Agree committee and panel structures
- Delegate powers to committees and panels

- Receive reports from committees and panels
- Appoint/dismiss the clerk to the governors
- Co-opt governors
- Appoint associates
- Appoint nominated governors including: SEN governor, Safeguarding governor and Health and safety governor
- Receive and consider Ofsted reports
- Receive and consider reports from: Auditors, School Improvement Partners

The Head Teacher along with the Senior Leadership Team are responsible for the day to day operation of The Swanage School and:

- Ensure the whole Curriculum is delivered in line with Governing Body's Policy and the ethos of the school is maintained and enhanced
- Manage curriculum and staff on a day-to-day basis
- Ensure that students are assessed in line with school and national policies
- Implement School Development Plan and National Policies (as appropriate)
- Implement policy for pupils with Special Educational Needs and Disabilities
- Provide parents and Governing Body with sufficient information in order to enable them to fulfil their roles in the educational partnership
- Strive to ensure that the learning needs of all pupils of all abilities are met
- Oversee general expenditure during year and authorise major expenditure in line with delegated financial authority
- Prepare 3 year budget with reference to School Development Plan
- Administer, collate and report financial information
- Prepare accounts and reports on a monthly basis
- Oversee general expenditure during year and authorise major expenditure in line with delegated financial authority
- Check budget information received from the Education Funding Agency (EFA) and initiate queries
- Consider year-end over/under-spend impact on budget planning
- Award contracts for repairs/maintenance in line with delegated financial authority
- Carry out and monitor policy on Health and Safety
- Formulate repair and maintenance budget as a rolling programme
- Prepare monthly budget statement for repair and maintenance
- Propose phased strategy for improvements to general standard of premises
- Planning overall strategy for staff deployment – teaching, non-teaching, full, part-time posts
- Decide on strategies for the continuing development of staff for the benefit of both the school and themselves.

Arrangements for setting pay and remuneration of key management personnel

The Full Governing Body is responsible for setting the salary ranges and annual performance related increments for key management personnel. They have direct line management responsibility for the headteacher and are supported in this role by an external consultant who is a senior teaching professional.

Objectives and Activities

Objects and Aims

The Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The principal aim of The Swanage School (The Academy) is to create an outstanding school that:

- Will improve life opportunities for all students.
- Enable each student to feel affectionate about their school and as an adult to look back fondly on their education.
- Will allow each student to leave the Swanage School enabled to progress to further and higher education and the career of their choice.

Key Aims

Academic ambition

We promise to help our students achieve the best they can. Our deliberately ambitious target is to be among the top tier of Dorset schools, judged by the progress they make. We believe it is our duty to ensure every student who attends The Swanage School achieves the best possible outcome.

We will:

- Ensure every student in our learning community fully realises their potential.
- Engage the town of Swanage as a learning community in raising aspirations and achievement.
- Involve employers, businesses, community and volunteer groups as our partners in education, skills and training.
- Enable the Swanage community to enjoy a wide range of activities in a state-of-the-art environment.

The Swanage School Way

Our first intake of students worked together to determine The Swanage School Way

At The Swanage School we:

- We respect each other and treat others as we would like to be treated.
- Help members of the wider community.
- Strive for academic excellence.
- Take pride in our appearance.
- Do the best we can.

We try, we fail, we learn, we succeed.

Objectives, Strategies and Activities

Teaching and Learning

Our objectives for 2015-16 were to:

- ensure that our students' progressed in line with the top 20% of schools nationally
- develop academic challenge for all students across the curriculum
- implement new assessment framework to enable students to gain a deeper understanding of their own learning process.
- improve the level of literacy and presentation across the school.

Behaviour

Our objectives for 2015-16 were to:

- improve whole school attendance to 95%
- support students in developing a distinctive Swanage School personality: confident, caring, and resilient with high expectation of themselves and others.

Leadership

- improve the quality of internal and external communication
- develop our Information Advice and Guidance programme to ensure students are prepared for life beyond The Swanage School

Public Benefit

The Swanage School's principal objective is to provide education to students of all abilities between the ages of 11 and 16.

The academy 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 and duties.

Strategic Report

Achievements and Performance

Teaching and Learning

- students at The Swanage School made outstanding progress, measure by Progress 8. Our score of 0.45 put us top in Dorset LA and in the top 6% of schools nationally
- our GCSE students achieved well above average outcomes as measure by Progress 8 scores. This was the case for all categories of students, including disadvantaged, all ability ranges and EAL.
- the new assessment framework is now fully operational and has been shared as best practice with other schools. Student and teacher feedbacks confirms that students are more able to understand their learning process through development of their metacognitive skills.
- literacy levels have improved over the year. 85% of our students achieved A-C in English, with a Progress figure of 0.64 [best in Dorset LA]. However we continue to focus on improving literacy across the curriculum.

Behaviour

- whole school attendance has improved over the course of the year and is approaching 95%. This continues to be a focus for the school.
- the school is a vibrant happy place where children, staff and governors enjoy and take pride in the calm focussed atmosphere. Developing the character of students and the school is an ongoing objective.

Leadership

- internal and external communication has improved supported by the implementation of IT solutions such as Progresso, Show My Homework and the appointment of a Data Manager.
- A comprehensive programme of Information Advice and Guidance has been put in place ensuring that students leaving the school are confident in making good decisions about their post 16 options.

Going Concern

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

Financial Review

The Swanage School receives the majority of its income from the Education Funding Agency in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during the period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Swanage School managed its resources enabling its activities to be effectively carried out, whilst retaining a small surplus. The purpose of increasing the free reserves is to mitigate the potential impact of low student numbers, which can have a significant effect in a small school.

The Swanage School prioritised the recruitment of high quality teaching staff in order to achieve excellent GCSE results. The first GCSE results show The Swanage School to be the best performing school in Dorset LA [top 6% nationally].

Whilst there is a liability of £167K against local government defined benefits pension scheme this does not materially affect the financial position of the academy. As at 31st August 2016 The Swanage School had £122K of unrestricted cash reserves and £115K of restricted reserves.

Reserves Policy

The Governors review the level of reserves at the Finance and Premises Committee which meets six times annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trust aims to carry forward a prudent level of resources from the General Annual Grant, and in years one to -five from the Start Up Grant to ensure the cash position is preserved, to provide for unforeseen contingencies and to effectively manage the school whilst pupil numbers build up. The Governors have designated a fund [with a starting value of £20K, increasing to a maximum of £50K] in lieu of taking out insurance to cover the cost of long term staff absence, they have also designated a maintenance fund with a one off contribution of £50K. The level of free reserves at 31 August 2016 was £122K.

Investment Policy

The Governors are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risks. Governors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of various funds entrusted to the Governing Body.

The current arrangement whereby all funds are held in current and no notice deposit accounts will be kept under review.

Principal Risks and Uncertainties

The Governors of The Swanage School are aware of the risks that The Swanage School faces in the short, medium and long term. The principal risks and uncertainties have been identified following the risk management process.

Principal risks and uncertainties are:

- Pupil numbers
- New national funding agreement
- Financial risk
- Failure in Governance and/or Management
- Reputational risk
- Safeguarding and Child Protection risks

Financial and Risk Management Objectives and Policies

The Swanage School has a Risk Register and management process. The principal financial risks for The Swanage School relate to the capacity of the school to continue to attract sufficient students. As a relatively small school the economies of scale are significantly more challenging so ensuring that the PAN is achieved each year is critical.

Plans for Future Periods

The following core priorities should be read in conjunction with the school development plan. These priorities have come from reflecting on our recent outstanding GCSE results, feedback from staff, students, parents and governors as well as feedback from the Ofsted inspection in May 2015.

Teaching and Learning

- Students progress in line with top 20% of schools Nationally, measured by Progress 8.
- Continue to develop academic challenge for all students.
- Continue to develop the level of literacy and numeracy across the school

Behaviour

- Improve whole school attendance to 95.5%
- Develop students self-efficacy

Leadership

- Develop the profile of the school locally, regionally and nationally.

Auditor

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustee's report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, and signed on behalf of the Board of Governors on 7th December 2016.



Geoff Atkinson (Chair)



Amanda Rowley (Vice Chair)

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Education Swanage Limited 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 Education Swanage Limited 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 governing body has formally met 9 times during the year. Attendance during the year at meetings of the board of trustees is shown below. Some trustees were not in post for the whole year.

Governor name	Total attended	Total Possible
Paul Angel	6	7
Geoff Atkinson	8	9
Nick Brady	6	9
Vikki Edwards	1	6
Mark Hatto	6	6
Tristram Hobson	9	9
William Knight	6	9
John Lejeune	9	9
Tim Marcus	2	2
Nicola Newman	2	2
Helen O'Connor	0	1
John Palmer-Snellin	4	7
Steve Parker	8	9
James Peacock	4	4
Amanda Rowley	8	9
Catherine Starmer-Howes	2	2
Alison Stephens	9	9
Carl Styants	8	9
Nicky Taylor	3	4
Isobel Tooley	6	9
Emily Wyrer	7	9

Review of Value for Money

As accounting officer the Headteacher has responsibility for ensuring that The Swanage School 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 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including 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 premises 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 decided to appoint a suitably qualified Trustee, Steve Parker, to the role of Responsible Officer carry out a programme of internal checks.

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

- testing of payroll systems
- testing of purchasing systems
- testing of control account/bank reconciliations

The Responsible Officer reports to the board of trustees, through the finance and premises committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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 financial management and governance self-assessment process
- the work of the business manager within the academy trust who has 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 premises committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 7th December 2016 and signed on its behalf by:



William Knight
Trustee



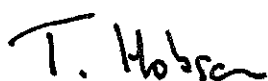
Tristram Hobson
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

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



Tristram Hobson

Accounting Officer

7th December 2016

Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of Education Swanage Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP FRS 102 and the Academies Accounts Direction 2015 to 2016
- make judgments and 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 operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the 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 governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 7th December 2016 and signed on its behalf by:

Geoff Atkinson

Chair of Governors



7th December 2016

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Education Swanage Limited

We have audited the financial statements of Education Swanage Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charities 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 charity's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The governors' (who act as trustees for charitable activities of Education Swanage Limited and are also the directors of the Charitable Company for the purposes of company law) responsibilities for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations and for being satisfied that the charitable company's financial statements give a true and fair view are set out in the Statement of Governors' Responsibilities.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements:

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

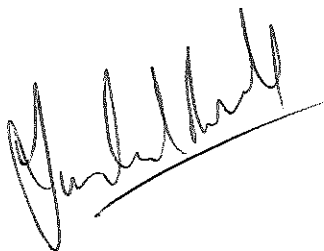
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given by the Governors' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



I M Rodd (Senior Statutory Auditor)
For and on behalf of Ward Goodman
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

7th December 2016

Independent Reporting Accountant's Assurance Report on Regularity to Education Swanage Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 9th December 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Education Swanage Limited during the year from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Education Swanage Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Education Swanage Limited's funding agreement with the Secretary of State for Education dated 27 February 2013 and the Academies Financial Handbook, extant from 1 September 2015 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

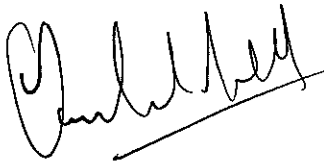
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the academy's activities
- Further testing and review of areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion

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 from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



I M Rodd (Senior Statutory Auditor)
For and on behalf of Ward Goodman
4 Cedar Park
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7SF

7th December 2016

Statement of Financial Activities for the year from 1 September 2015 to 31 August 2016
(including Income and Expenditure Account)

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
		£	£	£	£	£
Income and Endowments from:						
Donations and capital grants	2	4,178	-	5,431	9,609	10,589
Charitable Activities:					-	
Funding for the academy trust's educational operation	3	83,809	1,689,058	3,093	1,775,960	1,443,914
Income from other trading activities	4	4,831	-	-	4,831	1,823
Investment Income	5	223	-	-	223	276
Total		93,041	1,689,058	8,524	1,790,623	1,456,602
Expenditure on:						
Raising funds	6	-	1,047	-	1,047	293
Charitable Activities:						
Academy trust educational operations	6		1,730,509	157,544	1,888,053	1,433,931
Total		-	1,731,556	157,544	1,889,100	1,434,224
Net income/expenditure		93,041	(42,498)	(149,020)	(98,477)	22,378
Transfers between funds		-	-	-	-	-
Other recognised gains and losses						
Actuarial losses/gains on defined benefit pension schemes	23	-	(101,000)	-	(101,000)	(1,000)
Net movement in funds		93,041	(143,498)	(149,020)	(199,477)	21,378
Reconciliation of funds						
Funds brought forward 01/09/2015	14	28,979	258,323	7,301,628	7,588,930	7,567,553
Funds carried forward 31/8/2016	14	122,020	114,825	7,152,608	7,389,453	7,588,930

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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance Sheet as at 31 August 2016**Company Registration Number 07613612**

	Note	31-Aug 2016 £	31-Aug 2016 £	31-Aug 2015 £	31-Aug 2015 £
Fixed Assets					
Tangible Assets	11		7,152,608		7,301,628
Current Assets					
Debtors	12	87,443		92,474	
Cash at bank and in hand		557,827		334,046	
		<u>645,270</u>		<u>426,520</u>	
Liabilities					
Creditors: amounts falling due within one year	13	<u>241,426</u>		<u>103,218</u>	
Net current assets			<u>403,844</u>		<u>323,302</u>
Total assets less current liability			<u>7,556,453</u>		<u>7,624,930</u>
Net assets excluding pension liability			<u>7,556,453</u>		<u>7,624,930</u>
 Defined benefit pension scheme liability	22		<u>(167,000)</u>		<u>(36,000)</u>
Total net assets			<u>7,389,453</u>		<u>7,588,930</u>
Funds of Education Swanage:					
Restricted funds					
- Fixed asset fund	14	7,152,608		7,238,556	
- General fund	14	281,825		357,395	
- Pension Fund	14	<u>(167,000)</u>		<u>(36,000)</u>	
Total restricted funds			<u>7,267,434</u>		<u>7,559,951</u>
Unrestricted income funds	14		<u>122,020</u>		<u>28,979</u>
Total funds			<u>7,389,453</u>		<u>7,588,930</u>

The financial statements were approved by the trustees, and authorised for issue on 7th December 2016 and are signed on their behalf by:



Geoff Atkinson (Chair)



Amanda Rowley (Vice Chair)

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016	2015
		£	£
Net cash provided by (used in) operating activities	17	223,559	131,245
Cash flows from investing activities	19	223	(47,295)
Cash flows from financing activities		-	-
Change in cash and equivalents in the reporting period		223,781	83,950
Cash and cash equivalents at 1 September 2015		334,046	
Cash and cash equivalents at 31 August 2016		557,827	334,046

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies

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

Legal Status

Education Swanage Limited is a company limited by guarantee, registered in England and Wales number 07613612. The registered office is disclosed on page 3.

Basis of Preparation

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 applicable United Kingdom Accounting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. This is the first year adoption of FRS 102 and there were no changes on transition to FRS 102.

Education Swanage meets the definition of a public benefit entity under FRS 102.

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 Education Swanage Limited to continue as a going concern. The governors 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.

Income

All incoming resources are recognised when Education Swanage Limited has entitlement to the funds, the receipt is probable and the amount 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 and deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be reliably measurable.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where there receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

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

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

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 cost 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 resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding and 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 each asset on a straight line basis over its expected useful life, as follows:

- Leasehold buildings **[duration of lease]**
- Fixtures, fittings and equipment **[10 years]**
- ICT equipment **[5 years]**

The school land and buildings are under a 125 year lease expiring on 4th December 2138 with the Dorset County Council. Land and buildings are capitalised and valued at cost. Land is not depreciated. Buildings are depreciated over 125 years to match the term of the lease.

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet 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 anticipate it will pay to settle the debt or the amount it has received as advance payments for the goods or services it must provide.

Debtors

Debtors are recognised when there is a contractual entitlement to receive cash. Debtors due within one year are measured at transaction price.

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 obligations 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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

Education Swanage 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 part 11, chapter 3 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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest.

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

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 funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. The carrying balance is £167K.

Financial Instruments

Financial instruments are recognised in the balance sheet when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from the company are initially recognised at transaction price. Financial liabilities due in more than one year are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities constituting financing transactions are initially measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised when the Companies contractual rights or obligations expire or are discharged, transferred or cancelled.

2 Donations and Capital Grants

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2016	2015
	£	£	£	£
Capital Grants		5,431	5,431	5,446
Donated Fixed Assets		-	-	
Other donations	4,178	-	4,178	5,143
Total	4,178	5,431	9,609	10,589

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General Annual Grant [GAG]		1,546,557	1,546,557	1,137,710
Start Up Grants		21,000	21,000	42,000
Other DfE/EFA Grants	-	71,378	71,378	165,393
	-	1,638,935	1,638,935	1,345,103
Other Government grants				
Local authority grants			-	-
Special educational projects			-	-
	-	-	-	-
Other income from the academy trust's educational operations				
	83,809	53,216	137,025	98,811
Total	83,809	1,692,151	1,775,960	1,443,914

4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Hire of facilities	4,831		4,831	1,823
	4,831	-	4,831	1,823

5 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Bank interest	223		223	276
	223	-	223	276

Education Swanage Limited did not hold any investment assets nor did it generate any earned income during the 2015-16 accounting period (nil 2014/15).

6 Resources Expended

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other	2016	2015
	£	£	£	£	
Expenditure on raising funds	-	-	1,047	1,047	293
Academy's educational operations:					
Direct costs	935,755	-	188,038	1,123,793	825,561
Allocated support costs	334,155	150,100	280,006	764,260	608,460
	1,269,910	150,100	469,090	1,889,100	1,434,224

Net income/expenditure for the period includes:

Net income/(expenditure) for the period includes:

	2016	2015
	£	£
Operating lease rentals	15,755	7,000
Depreciation	157,544	129,747
(Gain/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)	-	-
Fees payable to auditor for:		
Audit	9,225	7,000
Other services	-	-

7 Charitable Activities

	Total 2016 £	Total 2015 £
Direct costs - education operations	1,123,793	825,561
Support costs - educational operations	764,260	608,460
	1,888,053	1,434,021
Analysis of support costs		
Support staff costs	334,155	235,622
Depreciation	157,544	129,747
Technology costs	15,357	1,083
Premises costs	150,100	114,692
Other support costs	100,912	111,773
Governance costs	6,193	15,543
Total support costs	764,261	608,460

8 Staff

a. Staff Costs

Staff costs during the period were:

	2016 £	2015 £
Wages and Salaries	1,007,267	751,674
Social security costs	72,497	49,260
Operating costs of defined benefit scheme	179,078	134,117
	1,258,842	935,051
Supply staff costs	32,734	4,656
	32,734	4,656

b. Staff numbers

The average number of persons employed by Education Swanage Limited during the accounting period was as follows:

	Number	2016 Full time Equivalent	Number	2015 Full time Equivalent
Teachers	18	15	15	14
Administration and support	29	15	18	7
Management	3	3	3	3
	50	33	36	24

c. Higher paid staff

The number of employees whose emoluments fell into the following bands was:

	2016	2015
	No.	No.
£60,001 to £70,000	1	0
£70,001 to £80,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their service to the academy trust was £204,787 (2015 £200,143)

9 Related Party Transactions

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The headteacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contract of employment.

The value of trustees' remuneration and other benefits was as follows:

T Hobson [Headteacher and Trustee]

Remuneration £70,000 - £75,000 [2015: £70,000 - £75,000]

Employer's pension contributions £10,000 - £15,000 [2015: £10,000 – 15,000]

J Peacock [staff trustee]

Remuneration £25,000 - £30,000 [2015: NA]

N Taylor [staff trustee]

Remuneration £5,000 - £10,000 [2015: NA]

Employer's pension contributions £0 - £5,000 [2015: NA]

During the period ended 31 August 2016, travel and subsistence expenses totalling £0 [2015 £0] were reimbursed or paid directly to trustees.

10 Trustees' and officers insurance

In accordance with normal commercial practice Education Swanage Limited has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Education Swanage Limited business. The insurance provides cover up to £10,000,000 on any one claim. The cost for this insurance is included in the total insurance cost (2015: £63.85).

11 Tangible Fixed Assets

	Leasehold Land and Buildings	Furniture and Equipment	Computer Equipment	Total
	£	£	£	£
Cost				
At 1st September 2015	6,980,523	298,506	286,877	7,565,906
Additions	-	6,907	1,617	8,524
Disposals	-	-	-	-
At 31st August 2016	6,980,523	305,413	288,494	7,574,430
Depreciation				
At 1st September 2015	110,662	54,198	99,418	264,278
Charged in year	56,088	33,247	68,209	157,544
Disposals	-	-	-	-
At 31st August 2016	166,750	87,445	167,627	421,822
Net book values				
At 1st September 2015	6,869,861	244,308	187,459	7,301,628
At 31st August 2016	6,813,773	217,968	120,867	7,152,608

12 Debtors

	2016	2015
	£	£
VAT Recoverable	57,752	71,179
Other Debtors	8,509	3,530
Prepayments and accrued income	21,183	17,764
	87,444	92,473

13 Creditors: Amounts falling due within one year

	2016	2015
	£	£
Pensions	-	-
Trade Creditors	29,979	49,049
Other taxation and social security	37,277	17,988
Other Creditors	149,375	0
Accruals and deferred income	24,795	36,181
	241,426	103,218
Deferred income	2016	2015
	£	£
Deferred income as at 1 September 2015	-	-
Released from previous years	-	-
Resources deferred in year	20,481	-
Deferred income as 31 August 2016	20,481	-

14 Funds

	Balance as at 1 September 2015	Incoming Resources	Resources Expended	Gains, Losses & Transfers	Balance as at 31 August 2016
	£	£	£	£	£
Restricted general funds					
General Annual Grant	225,587	1,538,032	1,606,112		157,507
Start Up grants	-	21,000	21,000	-	-
Pupil Premium	-	64,172	64,172	-	-
Pension Reserve	(36,000)		30,000	101,000	(167,000)
Other grants	68,736	65,854	10,272		124,318
	<u>258,323</u>	<u>1,689,058</u>	<u>1,731,556</u>	<u>101,000</u>	<u>114,825</u>
Restricted fixed asset funds					
DfE/EFA capital grants	7,301,628		157,544	-	7,144,084
Capital expenditure from GAG	-	8,525		-	8,525
Private sector capital sponsorship	-	-	-	-	-
	<u>7,301,628</u>	<u>8,525</u>	<u>157,544</u>	<u>-</u>	<u>7,152,608</u>
Total Restricted funds	<u>7,559,951</u>	<u>1,697,582</u>	<u>1,889,100</u>	<u>101,000</u>	<u>7,267,433</u>
Total unrestricted funds	28,979	93,041	-	-	122,020
Total Funds	<u>7,588,930</u>	<u>1,790,623</u>	<u>1,889,100</u>	<u>101,000</u>	<u>7,389,453</u>

15 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets			7,152,608	7,152,608
Current assets	122,020	523,250		645,270
Current liabilities		(241,426)		(241,426)
Non-current liabilities				-
Pension scheme liability		(167,000)		(167,000)
Total net assets	<u>122,020</u>	<u>114,824</u>	<u>7,152,608</u>	<u>7,389,453</u>

16 Commitments under operating leases

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

	2016	2015
	£	£
Amounts due within on year	16,000	7,000
Amounts due between one and five years	63,000	16,000
Amounts due after 5 years	-	-
	79,000	23,000

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

	2016	2015
	£	£
Net income	(98,477)	22,377
Depreciation (note 10)	157,544	129,747
Capital grants from DfE and other capital income	(8,524)	(103,963)
Interest receivable	(223)	(276)
FRS 102 pension costs less contributions (note 16)	30,000	21,000
FRS 102 pension finance income (note 16)	-	-
(Increase)/decrease in debtors	5,030	754,216
Increase/(decrease) in creditors	138,208	(691,856)
Net cash provided by Operating Activities	223,558	131,245

18 Cash flows from financing activities

	2016	2015
	£	£
Repayment of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by/ (used in) financing activities	-	-

19 Capital expenditure and financial investment

	2016	2015
	£	£
Dividends interest and rents from investments	223	276
Proceeds of sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(8,524)	(151,536)
Capital grants from DEF/EFA	8,524	103,964
Capital funding received from sponsors and others	-	1
Net cash provided by / (used in) investing activities	223	(47,295)

20 Analysis of cash and cash equivalents

	At 1 September 2015	Cash flows	As at 31 August 2016
Cash in hand and at bank	334,046	223,781	557,827
Notice deposits	-	-	-
	334,046	223,781	557,827

21 Guarantees, letters of comfort and indemnities

In accordance with normal commercial practice Education Swanage Limited has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Education Swanage Limited business. The insurance provides cover up to £10,000,000 on any one claim and in aggregate for the period of insurance. The cost for the accounting year ended 31 August 2016 is included in the total insurance cost (2015: £63.85).

22 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 exceed £10 for debts liabilities contracted before he/she ceases to be a member.

23 Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the

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

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

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

The employer's pension costs paid to TPS in the period amounted to £103,548 (2015: £72,062).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £75,010, of which employer's contributions totalled £55,460 and employees' contributions totalled £19,550. The agreed contribution rates for future years are 17.4 per cent for employers and 5.5 to 6.8 per cent 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 at 31 August 2016

	31-Aug 16 %	31-Aug-15 %	31-Aug-14 %
Rate of increase in salaries	3.8	4.2	4.2
Rate of increase in pensions in payment/inflation	2.3	2.7	2.7
Discount rate for scheme liabilities	2.2	4	4
Inflation assumption (CPI)	2.7	2.7	2.7
Commutation of pensions to lump sums	50	50	50

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

Life Expectancy from age 65 (years)		31-Aug-16	31-Aug-15
Retiring Today			
	Males	22.9	22.8
	Females	25.3	25.2
Retiring in 20 years			
	Males	25.2	25.1
	Females	27.7	27.6

We have also made the following assumptions:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;
- 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

The academy's share of the assets in the scheme were:

Asset class	31-Aug-16 Fair Value £000's	31-Aug-15 Fair Value £000's
Equities	128	73
Gilts	24	15
Cash	2	5
Other bonds	28	16
Diversified growth fund	10	6
Property	23	13
Infrastructure	6	2
TOTAL	221	130

The actual return on scheme assets was £17,000 [2015: £4,000]

Amount recognised in the statement of financial activities

	2016	2015 <i>Had FRS 102 applied</i>	2015
At 31 August	£000's	£000's	£000's
Service cost	85	63	Separated below
Current service cost (net of employee contributions)			63
Net Interest cost	-	1	5
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	Included above	Included above	(5)
Total operating charge	85	64	63

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

	2016	2015 <i>Had FRS 102 applied</i>	2015
At 1 September	£000's	£000's	£000's
<i>Opening defined benefit obligation</i>	166	83	83
Current service cost	85	63	63
Interest cost	7	5	5
Employee contributions	19	14	14
Actuarial (gain)/loss	111	-	-
Benefits paid	-	1	1
Plan introductions, benefit changes, curtailment and settlements	-	-	-
At 31 August	388	166	166

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

	2016	2015 <i>Had FRS 102 applied</i>	2016
At 1 September	£000's	£000's	£000's
Opening defined benefit obligation	130	69	69
Expected return on assets	n/a	n/a	5
Interest income	7	4	n/a
Return on plan assets (excluding net interest on the net defined pension liability)	10	-	n/a
Actuarial (gain)/loss	n/a	n/a	(1)
Employer contributions	55	42	42
Employee contributions	19	14	14
Benefits paid	-	1	1
Plan introductions, benefit changes, curtailments and settlements			
At 31 August	221	130	130

24 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from the 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 trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of the account.

Gulliver's bookshop in which Paul Angel (Chair of Governors) has a controlling interest:

The Trust purchased books at cost totalling £597.04 (2015: 1,381.50)

PJM Advertising Ltd in which Amanda Rowley (Governor) has a controlling interest:

Purchased advertising/marketing services at cost totalling £125.95 (2015:£ 1,098.88)

Statements of assurance from both parties were sought and received in relation to the purchase of goods.