

**EDUCATION SWANAGE LIMITED**  
(A company limited by guarantee)  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

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**Members**

C Styants  
G Atkinson  
H O'Connor  
J Tatchell  
P Angel  
W Knight  
A Stephens  
A Rowley  
I Tooley  
S Parker  
J Lejeune  
W Trite  
N Brady  
C Starmer-Howes  
H Sumbler  
M Hatto  
N Newman  
S Starmer  
L Winter  
T Marcus (appointed 5 September 2019)  
V Angel (appointed 5 September 2019)  
A Beal (resigned 5 September 2019)  
D Morton (resigned 1 March 2019)  
E Pearson (appointed 6 September 2018)  
G Marsh, MBE (appointed 6 September 2018)  
J Starmer (appointed 6 September 2018)  
P Collins (appointed 6 September 2018)  
A Corke (appointed 5 September 2019)  
C Drayson (appointed 5 September 2019)  
V Millman (appointed 5 September 2019)  
L Aggas (resigned 1 March 2019)  
J Daulby (resigned 1 March 2019)  
V Edwards (resigned 1 March 2019)  
J Russ (resigned 1 March 2019)

**Trustees**

T Marcus, Chair of Trustees  
T Hobson, Headteacher  
P Angel (appointed 7 March 2019)  
N Taylor  
I Tooley  
M Hatto  
W Knight  
N Newman  
A Rowley  
J Starmer  
A Stephens  
C Styants  
A Beal (resigned 9 January 2019)  
N Brady (resigned 27 March 2019)

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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B Gibbard (resigned 16 January 2019)  
C Starmer-Howes (resigned 6 September 2018)  
P Collins (appointed 6 September 2018)  
A Duke (appointed 26 March 2019)  
H O'Connor (appointed 18 September 2019)  
V Millman (appointed 5 September 2019)

<b>Company registered number</b>	07613612
<b>Principal and registered office</b>	The Swanage School High Street Swanage Dorset BH19 2PH
<b>Accounting officer</b>	J Maraspin
<b>Senior management team</b>	T Hobson, Headteacher J Maraspin, Acting Headteacher K Lawton, Acting Deputy Head A Carvisiglia, School Business Manager
<b>Independent auditors</b>	Griffin Chartered Accountants 165 High Street Honiton EX14 1LQ

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**EDUCATION SWANAGE LIMITED**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

**Structure, governance and management**

**a. Constitution**

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

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

The Trustees of Education Swanage Limited are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Education Swanage Limited.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

**b. Members' liability**

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

**c. Trustees' indemnities**

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. Appropriate insurance is in place as specified in Note 12 of the accounts.

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

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

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

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

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

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**EDUCATION SWANAGE LIMITED**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

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

All Trustees 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 Trustee. During the period, the Trustees held eight Full Governing Body meetings.

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

**f. Organisational structure**

The Governing Body meets at least 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 Headteacher 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 Headteacher and the Senior Leadership Team.

The committees below meet six times per year (unless otherwise stated) and have the following key responsibilities:

Community and Engagement Committee; meets three times a year. 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: meets three times a year. 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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

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

- Appointment/dismissal of Headteacher
- Appointment/dismissal of Business Manager
- 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 reports, 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 Trustees
- Co-opt Trustees
- Appoint associates
- Appoint nominated Trustees including: SEN Trustee, Safeguarding Trustee and Health and Safety Trustee
- Receive and consider Ofsted reports
- Receive and consider reports from: Auditors, School Improvement partners

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

The Headteacher 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
- Check budget information received from the Education Skills and Funding Agency (ESFA) 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 and part-time posts

**g. 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. They also have direct line management responsibility for the Clerk to the Trustees.



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

**h. Related parties and other connected charities and organisations**

There are no related parties which either control or significantly influence the decisions and operations of The Swanage School. The Swanage School PTFA is a separate legal entity with its own constitution, management and bank account and is in no way answerable to or under the control of Education Swanage Limited.

The only related party transaction undertaken during the year is as per note 24.

**Objectives and activities**

**a. 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:

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

**b. Objectives, strategies and activities**

**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 both by the progress they make and the development of their character. We believe it is our duty to ensure that 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

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Objectives and activities (continued)**

*The Swanage School Way*

At The Swanage School, we all follow the Swanage School Way as follows:

- 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.

**Leadership**

Our objectives for 2018-19 were to:

1. Research and develop alternative approaches to school management to reduce excessive staff workload
2. Implement a more rigorous approach to quality assurance
3. Develop procedures for middle leaders to become more fiscally accountable
4. Improve marketing activities to increase the school's profile locally
5. Increase revenue generated for the school
6. Evaluate and improve financial effectiveness of human resource
7. Improve efficiency and effectiveness of all back office and finance functions

**Learning and Teaching**

Our objectives for 2018-19 were to:

1. Students' progress in line with top 20% of schools nationally, measured by Progress 8
2. Improve progress and attainment for disengaged and disadvantaged students
3. Improve the level of literacy across the curriculum
4. Ensure new staff achieve the school's high standards
5. Research and develop home learning to further enhance student progress
6. Develop more efficient strategies to monitor and manage student behaviour
7. Further development of assessment and effective implantation across the school

**Behaviour**

Our objectives for 2018-19 were to:

1. Improve whole school attendance to above 95%
2. Improve the attitude to learning of disengaged students

**c. Public benefit**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity(PB2)'.  

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Objectives and activities (continued)**

**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

In March 2019 the school had its second Ofsted inspection - this time a section 8 inspection and the school maintained its grade of "Good". As a 'section 8' inspection, the report comes in the form of a letter to the Headteacher. Key aspects of the report included:

- The school has a strong reputation in the local community
- Pupils and the great majority of parents are very enthusiastic about the quality of education.
- Behaviour is very good
- Pupils take great pride in their work, including its presentation. They are excellent ambassadors for the school. This is in large part due to the emphasis you place on encouraging pupils to grow as reflective, independent-minded young citizens
- Pupils thrive on taking on responsibilities as members of the school council, as house captains and in other roles. They enjoy celebrating their successes
- Staff know pupils well as individuals
- Your staff respond very well to the needs of vulnerable pupils
- Staff monitor pupils' well-being very thoroughly, thereby ensuring that the school is a very orderly and welcoming community with safeguarding as an integral part of its culture
- Pupils' performance in the core subjects of English and mathematics has always been strong
- You ensure that the most able pupils make good progress because teachers usually give them tasks which are sufficiently challenging
- All staff have regular opportunities for professional development, in order to maintain high levels of confidence and skill
- You have high expectations, as do your staff
- You give pupils interesting challenges, to which they respond enthusiastically
- You focus strongly on developing pupils' independent learning skills and their ability to reflect on their learning
- You encourage pupils to take on responsibilities and to enjoy curriculum enrichment opportunities, which feed in to their academic successes

**Teaching and Learning**

Students at The Swanage School typically make very good progress, especially in English. The critical measure for school performance is how well children progress from KS2 (aged 11) to GCSE (aged 16). This is measured using Progress 8. In 2019 the school's Progress of -0.02 is in line with national expectations.

**Behaviour**

- Whole school attendance has improved over the course of the year and was just short of its 95% target. This continues to be a focus for the school
- The school is a vibrant happy place where children, staff and trustees enjoy and take pride in the calm focussed atmosphere. Developing the character of students and the school is an ongoing objective

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**Achievements and performance (continued)**

Leadership and Operational Excellence

The profile of the school goes from strength to strength, helped in large part by the excellent GCSE results and the progress children make in the school.

The effectiveness of the middle leaders continue to improve and now middle leaders are very effective at achieving whole school aims.

The environment of the school has and continues to be developed - maintaining the 'new' feel of the school, whilst adding character to the built environment.

The school has developed its procedural effectiveness and communication continues to improve.

**b. Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**Financial review**

**a. Reserves policy**

The Trustees review the level of reserves at the Finance and Premises Committee which meets at least 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 to ensure the cash position is preserved, to provide for unforeseen contingencies. The Trustees have designated a fund of £50,000 at the year end to cover the cost of long term staff absence, as well as a designated maintenance fund with a one off contribution of £50,000.

**b. Investment policy**

The Trustees are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risks. Trustees 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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**Financial review (continued)**

**c. Principal risks and uncertainties**

The Swanage School has a Risk Register and management process. The principal financial risk 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.

The Trustees are responsible for the management of 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 risk and uncertainties are:

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

**d. Purpose of the Finance Committee**

The purpose of the Finance and Premises Committee is to make delegated decisions and where appropriate to make recommendations to the full governing body so as to ensure sound management of the school's finance and resources. The committee will keep the Full Governing Body informed of decisions made and will make recommendations in a timely manner. The committee has delegated powers on financial, building and environmental matters unless otherwise stated.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**Financial review (continued)**

**e. Financial review for 2018/19**

The Swanage School receives the majority of its income from the Education and Skills 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 of 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 albeit making an in year deficit. The purpose of maintaining free reserves is to mitigate the potential impact of the low student numbers, which can have a significant effect in a small school.

Whilst there is a liability of £614,000 against the local government defined benefit pension scheme, this does not materially affect the financial position of the academy. As at 31 August 2019, The Swanage School had £248,589 (2018 : £212,871) of unrestricted reserves, £198,959 (2018 : £342,896) of GAG restricted reserves, £6,918,806 (2018 : £6,888,340) of restricted fixed asset reserves and negative £614,000 (2018 : £402,000) LGPS pension reserves. Overall the academy has £6,752,354 in reserves (2018 : £7,042,107).

When considering the appropriateness of the going concern concept, the Governing body has considered the cash flow effect of the agreed pension contributions arising under the LGPS (irrespective of the pension deficit disclosed on the balance sheet). The most recent actuarial valuation of the LGPS as at 31 March 2016 proposed contribution rates for the three year period from 1 April 2017 to 31 March 2020 of 18.8% of payroll for eligible employees. The rate is projected, on the assumption used for the 2016 valuation, to cover the cost of new benefits and eliminate the deficit over the next 22 years. Whilst this is an increase from the previous rate of 17.4% of payroll, it has been taken into account for budgeting purposes and is affordable in the context of the planned programme of activities.

**Fundraising**

In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The Trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate.

**Plans for future periods**

The following core priorities should be read in conjunction with the school development plan. These priorities come from reflecting on our recent GCSE results, feedback from staff, students and trustees as well as feedback from the Ofsted Inspection in March 2019.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Plans for future periods (continued)**

**Teaching and Learning**

1. Students' progress in line with top 20% of schools Nationally, measured by Progress 8
2. Improve progress and attainment for disengaged and disadvantaged students
3. Improve the level of literacy across the curriculum
4. Ensure Maths pedagogy is embedded in the whole curriculum
5. Develop awareness of the importance of living a healthy lifestyle and what this means
6. Ensure the curriculum for all subjects is carefully planned over time with purposeful sequencing, embedded recall tasks to ensure assessment informs planning
7. Embed home learning policies previously developed to further enhance student progress in line with Ofsted framework (summer 2019)
8. Ensure provision for students with SEN is maintained as a result of financial cuts
9. Ensure implementation of new KS4 curriculum (optional French, increased PRE contact, separate sciences and work experience/ASDAN for targeted students) is effective

**Behaviour**

1. Embed and consolidate strategies to monitor and manage student behaviour
2. Improve whole school attendance to above 95.0%
3. Improve the attitude to learning of disengaged students

**Leadership**

1. Research and develop alternative approaches to school management to promote staff wellbeing
2. Develop whole school awareness of and strategy to reduce the school's impact on the environment
3. Ensure future financial stability for the school
4. Ensure school leadership and management remains effective given changes to the structure of SLT
5. Improve marketing activities to increase the school's profile locally
6. Increase revenue generated for the school
7. Gain learning provider status for apprenticeships
8. Prepare to provide high quality provision for apprentices locally

**Funds held as custodian on behalf of others**

The academy trust and its Trustees do not act as the Custodian Trustees of any other Charity.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 11 December 2019 and signed on its behalf by:



**T Marcus**  
Chair of Trustees

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**EDUCATION SWANAGE LIMITED**  
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**GOVERNANCE STATEMENT**

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**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 Board of Trustees has formally met 8 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
T Marcus, Chair of Trustees	8	8
T Hobson, Headteacher	3	3
P Angel	3	4
N Taylor	4	7
I Tooley	7	8
M Hatto	6	8
W Knight	6	8
N Newman	6	8
A Rowley	3	8
J Starmer	5	5
A Stephens	8	8
C Styants	8	8
A Beal	1	3
N Brady	3	4
B Gibbard	2	3
C Starmer-Howes	0	0
P Collins	4	8
A Duke	2	2
H O'Connor	0	0
V Millman	0	0

During the year the terms of 3 trustees ended and a further 3 trustees stepped down. 5 trustees were appointed (including 2 who were re-elected for a further term) and a further trustee was co-opted by the full governing body. With the agreement of the governing body, Chair of Trustees Amanda Rowley took a leave of absence and Tim Marcus (Vice-Chair of Trustees) stepped up as Acting Chair with effect from 11 December 2018 and Al Stephens was appointed as Acting Vice Chair at the Full Governing Body meeting on 13 February 2019.



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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance (continued)**

The Full Governing Body met 8 times during the academic year, including a meeting during the summer of 2019. Meetings of the various committees and working parties convened to cover specific topics which this year included reduction of the forecast deficit in the three year budget and management of the absence due to illness and subsequent return to work of the headteacher. Information for meetings is agreed between the chair of each meetings and the senior leadership team and is usually provided in advance. Discussion at meetings is open and, together with the information provided, this enables the governing body to fulfil its obligation to effectively hold the senior leadership team to account, and to support them as appropriate.

Each Committee evaluated its effectiveness at least once during the year, and minuted any areas where a change in responsibilities or committee organisation was recommended for the following year. As a result of this review, the Full Governing Body will shortly decide whether to continue with the Community and Engagement Committee in its current form, or put in place alternative mechanisms for holding the leadership to account for these areas.

The Full Governing Body conducts a formal skills audit from time to time, and at the last formal review (July 2017) it was noted that none of the trustees had a legal background but that the governing body had access to legal advice through its membership of the National Governance Association. A further skills audit is planned for the early part of the 2019-20 academic year. An informal review is included in the first Full Governing Body meeting of the year, and additional trustees are co-opted as needed. The governing body also decided that instead of appointing a responsible officer, a firm of auditors would be appointed to conduct an internal audit and report the findings to the trustees' Audit Committee. Two such reports were received during the year (February 2019 and June 2019), covering purchases, payroll, income, fixed assets, financial budgeting and monitoring, regularity and risk management. No fundamental issues were identified and the small number of other issues identified have been addressed and resolved.

**Review of value for money**

As accounting officer, the Headteacher has responsibility for ensuring that the academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Maximising income generation

At the beginning of the academic year the lettings functions was taken in house (previously a 3rd party had been responsible for all areas of lettings at the school). This will maximise income in this area.

The catering provision was overhauled in early 2019, with the appointment of a new catering manager, re-vamping of menus and the additional of cold drinks for sale to staff and students

Sustaining High Quality Educational Results

Examination results and the progress of pupils remained strong with the context of efficient use of school resources.

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money (continued)**

Financial Governance and Oversight

Whilst the school does not have a Responsible Officer, two programmes of additional checks were performed by Griffin Accountancy with focus on purchasing, payroll and governance.

Members of the Finance and Premises Committee receive half termly budget monitoring reports, with the Chair of Trustees and the Headteacher receiving monthly budget monitoring reports.

Demonstrating Value for Money and Efficient and Effective Use of Resources

The school uses competitive tendering as a process for ensuring value for money. Works, supplies and services with an individual value between £1,000 and £10,000 require 3 written quotations; between £10,000 and £50,000 4 written quotations; between £50,000 and £100,000 4-5 tenders will be required and assessed through a formal tendering process.

All of the Health and Safety service level agreements were reviewed in 2018-19 and new contractors were appointed in areas where savings could be made without any detrimental impact on quality of the service provided.

During the academic year 2018-19 a number of capital projects were completed. These projects included the installation of CCTV cameras both inside and outside of the school buildings, installation of an additional entry biometric reader; 36 new laptops for use across curriculum areas and a double upright refrigeration unit was purchased to enable cold drinks to be sold during break and lunchtimes.

**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 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 Education Swanage Limited for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and 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 to appoint Griffin Chartered Accountants to perform a programme of additional checks.

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

- Purchase and cash receipts
- Payroll
- Income and cash receipts
- Fixed assets - acquisition and disposal
- Regularity
- Governance
- Risk management

On a semi-annual basis, Griffin Chartered Accountants report to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The reviewers delivered their schedule of work as planned, provided details of any material control issues and the necessary remedial action has been taken.

**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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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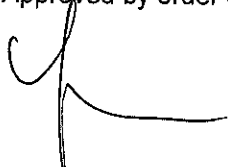
**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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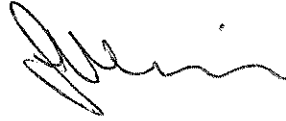
**GOVERNANCE STATEMENT (CONTINUED)**

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Approved by order of the members of the Board of Trustees on and signed on their behalf by:



T Marcus  
Chair of Trustees 11/12/19



J Maraspin  
Accounting Officer 11/12/19

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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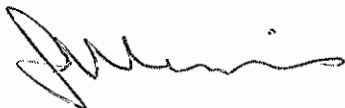
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Education Swanage Limited I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy 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 2018.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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.



J Maraspin  
Accounting Officer  
Date: 11/12/19

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees (who 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 Academies Accounts Direction published by the Education & 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:

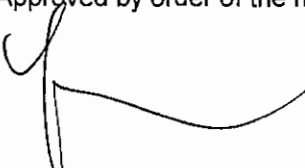
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 11 December 2019 and signed on its behalf by:



T Marcus  
Chair of Trustees

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EDUCATION SWANAGE LIMITED**

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**Opinion**

We have audited the financial statements of Education Swanage Limited (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EDUCATION SWANAGE LIMITED (CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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**EDUCATION SWANAGE LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EDUCATION SWANAGE LIMITED (CONTINUED)**

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**Responsibilities of trustees**

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

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

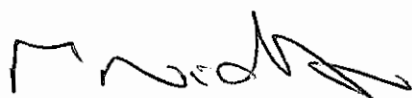
**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



Misty Nickells FCA (Senior statutory auditor)  
for and on behalf of

**Griffin**  
Chartered Accountants  
165 High Street  
Honiton  
EX14 1LQ

11 December 2019

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EDUCATION SWANAGE LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 1 September 2018 to 31 August 2019 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Education Swanage Limited and 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 Education Swanage Limited and ESFA, 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 01 September 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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**EDUCATION SWANAGE LIMITED**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EDUCATION  
SWANAGE LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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**Misty Nickells FCA**

**Griffin**  
165 High Street  
Honiton  
EX14 1LQ

Date: 11/12/19

**EDUCATION SWANAGE LIMITED**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>						
Donations and capital grants	3	80,428	-	135,411	215,839	49,760
Charitable activities	4	67,835	1,809,931	-	1,877,766	1,717,766
Other trading activities	5	31,900	-	-	31,900	8,865
Investments	6	533	-	-	533	73
<b>Total income</b>		<b>180,696</b>	<b>1,809,931</b>	<b>135,411</b>	<b>2,126,038</b>	<b>1,776,464</b>
<b>Expenditure on:</b>						
Raising funds		105,156	-	-	105,156	-
Charitable activities	8	39,822	2,062,594	102,219	2,204,635	2,110,453
<b>Total expenditure</b>		<b>144,978</b>	<b>2,062,594</b>	<b>102,219</b>	<b>2,309,791</b>	<b>2,110,453</b>
<b>Net income/(expenditure)</b>		<b>35,718</b>	<b>(252,663)</b>	<b>33,192</b>	<b>(183,753)</b>	<b>(333,989)</b>
Transfers between funds	17	-	2,726	(2,726)	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>35,718</b>	<b>(249,937)</b>	<b>30,466</b>	<b>(183,753)</b>	<b>(333,989)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	22	-	(106,000)	-	(106,000)	122,000
<b>Net movement in funds</b>		<b>35,718</b>	<b>(355,937)</b>	<b>30,466</b>	<b>(289,753)</b>	<b>(211,989)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		212,871	(59,104)	6,888,340	7,042,107	7,254,096
Net movement in funds		35,718	(355,937)	30,466	(289,753)	(211,989)
<b>Total funds carried forward</b>		<b>248,589</b>	<b>(415,041)</b>	<b>6,918,806</b>	<b>6,752,354</b>	<b>7,042,107</b>

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**(CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 31 to 54 form part of these financial statements.

**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07613612**

**BALANCE SHEET**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	6,918,806	6,886,167
		<u>6,918,806</u>	<u>6,886,167</u>
<b>Current assets</b>			
Stocks	14	1,239	-
Debtors	15	101,719	80,452
Cash at bank and in hand		456,961	577,578
		<u>559,919</u>	<u>658,030</u>
Creditors: amounts falling due within one year	16	(112,371)	(100,090)
<b>Net current assets</b>		<u>447,548</u>	<u>557,940</u>
<b>Total assets less current liabilities</b>		<u>7,366,354</u>	<u>7,444,107</u>
<b>Net assets excluding pension liability</b>		<u>7,366,354</u>	<u>7,444,107</u>
Defined benefit pension scheme liability	22	(614,000)	(402,000)
<b>Total net assets</b>		<u><u>6,752,354</u></u>	<u><u>7,042,107</u></u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	17	6,918,806	6,888,340
Restricted income funds	17	198,959	342,896
		<u>7,117,765</u>	<u>7,231,236</u>
Restricted funds excluding pension asset	17	7,117,765	7,231,236
Pension reserve	17	(614,000)	(402,000)
		<u>6,503,765</u>	<u>6,829,236</u>
<b>Total restricted funds</b>	17	<u>6,503,765</u>	<u>6,829,236</u>
<b>Unrestricted income funds</b>	17	<u>248,589</u>	<u>212,871</u>
<b>Total funds</b>		<u><u>6,752,354</u></u>	<u><u>7,042,107</u></u>

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**BALANCE SHEET (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The financial statements on pages 26 to 54 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:



T Marcus  
Chair of Trustees

The notes on pages 31 to 54 form part of these financial statements.

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**EDUCATION SWANAGE LIMITED**  
(A company limited by guarantee)

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(121,703)	(120,458)
<b>Cash flows from investing activities</b>	20	1,086	2,247
<b>Change in cash and cash equivalents in the year</b>		(120,617)	(118,211)
Cash and cash equivalents at the beginning of the year		577,578	695,789
<b>Cash and cash equivalents at the end of the year</b>	21	<u>456,961</u>	<u>577,578</u>

The notes on pages 31 to 54 from part of these financial statements



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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**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, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**1.2 Going concern**

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

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**EDUCATION SWANAGE LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.3 Income**

All incoming resources are recognised when the academy 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 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 year 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 there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Other income**

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

**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 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's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

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**EDUCATION SWANAGE LIMITED**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.4 Expenditure (continued)**

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**1.6 Tangible fixed assets**

Assets costing £1,000 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 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- Straight line over the duration of the lease (125 years)
Furniture and equipment	- 10 years straight line
Plant and machinery	- 10 years straight line
Computer equipment	- 5 years straight line

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.

The school land is 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.

**1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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**1. Accounting policies (continued)**

**1.8 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.

**1.9 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.

**1.10 Liabilities**

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

**1.11 Financial instruments**

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement bases 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 15. 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 cost as detailed in note 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 instrument.

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**1. Accounting policies (continued)**

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.13 Fund accounting**

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education Group.

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

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**FOR THE YEAR ENDED 31 AUGUST 2019**

**2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2019. 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.

**3. Income from donations and capital grants**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Donations	80,428	-	<b>80,428</b>	40,782
Capital Grants	-	135,411	<b>135,411</b>	8,978
	<u>80,428</u>	<u>135,411</u>	<u><b>215,839</b></u>	<u>49,760</u>
<i>Total 2018</i>	<u>-</u>	<u>49,760</u>	<u>49,760</u>	

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**4. Funding for the academy's education**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	1,650,584	<b>1,650,584</b>	1,543,127
Other DfE/ESFA Grants	-	42,956	<b>42,956</b>	20,693
Pupil Premium	-	86,345	<b>86,345</b>	76,240
	-	1,779,885	<b>1,779,885</b>	1,640,060
<b>Other Government grants</b>				
Higher Needs	-	20,959	<b>20,959</b>	17,645
Other Local Authority grants	-	9,087	<b>9,087</b>	-
	-	30,046	<b>30,046</b>	17,645
<b>Other funding</b>				
Other income from the academy trust's educational operations	67,835	-	<b>67,835</b>	60,061
	67,835	1,809,931	<b>1,877,766</b>	1,717,766
<i>Total 2018</i>	<i>47,082</i>	<i>1,670,684</i>	<i>1,717,766</i>	

**5. Income from other trading activities**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	30,290	<b>30,290</b>	8,865
Other	1,610	<b>1,610</b>	-
	31,900	<b>31,900</b>	8,865

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**6. Investment income**

	<b>Unrestricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Bank interest	533	533	73

**7. Expenditure**

	<b>Staff Costs 2019 £</b>	<b>Premises 2019 £</b>	<b>Other 2019 £</b>	<b>Total 2019 £</b>	<i>Total 2018 £</i>
Expenditure on raising voluntary income:					
Direct costs	-	-	85,219	85,219	-
Expenditure on fundraising trading activities:					
Direct costs	-	-	19,937	19,937	-
Education:					
Direct costs	1,267,541	44,713	134,476	1,446,730	1,332,383
Allocated support costs	436,477	144,630	176,798	757,905	778,070
	<u>1,704,018</u>	<u>189,343</u>	<u>416,430</u>	<u>2,309,791</u>	<u>2,110,453</u>
<i>Total 2018</i>	<u>1,426,505</u>	<u>128,212</u>	<u>555,736</u>	<u>2,110,453</u>	



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2019 £</b>	<b>Support costs 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Education	1,446,730	757,905	<b>2,204,635</b>	2,110,453
<i>Total 2018</i>	<u>1,332,383</u>	<u>778,070</u>	<u>2,110,453</u>	

**Analysis of direct costs**

	<b>Education 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Staff costs	1,255,003	<b>1,255,003</b>	1,183,753
Depreciation	80,575	<b>80,575</b>	-
Educational supplies	39,213	<b>39,213</b>	85,376
Examination fees	20,746	<b>20,746</b>	15,871
Staff development	4,837	<b>4,837</b>	4,431
Other costs	11,256	<b>11,256</b>	13,987
Supply teachers	12,538	<b>12,538</b>	2,005
Security and transport	21,490	<b>21,490</b>	20,911
Technology costs	1,072	<b>1,072</b>	6,049
	<u>1,446,730</u>	<u>1,446,730</u>	<u>1,332,383</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Education 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Staff costs	436,477	<b>436,477</b>	240,747
Depreciation	21,644	<b>21,644</b>	148,811
Pension income	10,000	<b>10,000</b>	100,000
Other costs	7,761	<b>7,761</b>	13,742
Recruitment and other staff costs	8,811	<b>8,811</b>	10,506
Maintenance of premises and equipment	69,012	<b>69,012</b>	48,940
Cleaning	11,559	<b>11,559</b>	14,632
Rent and rates	19,915	<b>19,915</b>	24,480
Heat and light	32,126	<b>32,126</b>	30,112
Insurance	7,652	<b>7,652</b>	10,047
Security and transport	14	<b>14</b>	624
Catering	43,644	<b>43,644</b>	24,512
Technology costs	21,920	<b>21,920</b>	29,318
Office overheads	29,928	<b>29,928</b>	32,128
Legal and professional	23,650	<b>23,650</b>	37,871
Bank interest and charges	1,320	<b>1,320</b>	825
Governance costs	12,472	<b>12,472</b>	10,775
	<u>757,905</u>	<u><b>757,905</b></u>	<u>778,070</u>

**9. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2019 £</b>	<i>2018 £</i>
Depreciation of tangible fixed assets	<b>101,506</b>	148,811
Fees paid to auditors for:		
Auditors' remuneration - audit	<b>7,850</b>	8,785
- other services	<b>2,200</b>	-
	<u><b>7,850</b></u>	<u>8,785</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,288,964	1,151,102
Social security costs	119,019	96,067
Pension costs	283,497	177,331
	<u>1,691,480</u>	<u>1,424,500</u>
Agency staff costs	12,538	2,005
	<u>1,704,018</u>	<u>1,426,505</u>

**b. Staff numbers**

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

	2019 No.	2018 No.
Teachers	20	24
Administration and support	28	24
Management	3	2
	<u>51</u>	<u>50</u>

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**10. Staff costs (continued)**

**c. Higher paid staff**

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	1	1
In the band £70,001 - £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 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £322,527 (2018: £206,294).

**11. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
T Hobson, Headteacher	Remuneration	<b>75,000 - 80,000</b>	85,000 - 90,000
	Pension contributions paid	<b>10,000 - 15,000</b>	10,000 - 15,000
N Taylor	Remuneration	<b>10,000 - 15,000</b>	10,000 - 15,000
	Pension contributions paid	<b>0 - 5,000</b>	0 - 5,000
A Duke (appointed 26 March 2019)	Remuneration	<b>40,000 - 45,000</b>	
	Pension contributions paid	<b>5,000 - 10,000</b>	
B Gibbard (resigned 16 January 2019)	Remuneration	<b>5,000 - 10,000</b>	15,000 - 20,000
	Pension contributions paid	<b>0 - 5,000</b>	0 - 5,000

During the year ended 31 August 2019, expenses totalling £1,221 were reimbursed or paid directly to 1 Trustee (2018 - £1,090 to 1 Trustee).

**12. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Tangible fixed assets**

	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2018	6,980,523	316,361	1,863	305,689	7,604,436
Additions	109,026	1,137	-	24,695	134,858
At 31 August 2019	<u>7,089,549</u>	<u>317,498</u>	<u>1,863</u>	<u>330,384</u>	<u>7,739,294</u>
<b>Depreciation</b>					
At 1 September 2018	278,451	150,717	186	288,915	718,269
Charge for the year	56,760	31,750	186	13,523	102,219
At 31 August 2019	<u>335,211</u>	<u>182,467</u>	<u>372</u>	<u>302,438</u>	<u>820,488</u>
<b>Net book value</b>					
At 31 August 2019	<u><u>6,754,338</u></u>	<u><u>135,031</u></u>	<u><u>1,491</u></u>	<u><u>27,946</u></u>	<u><u>6,918,806</u></u>
At 31 August 2018	<u><u>6,702,072</u></u>	<u><u>165,644</u></u>	<u><u>1,677</u></u>	<u><u>16,774</u></u>	<u><u>6,886,167</u></u>

**14. Stocks**

	2019 £	2018 £
Finished goods and goods for resale	<u><u>1,239</u></u>	<u><u>-</u></u>

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**15. Debtors**

	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	3,134	3,976
Other debtors	3,598	4,165
Prepayments and accrued income	47,715	24,858
Tax recoverable	47,272	47,453
	101,719	80,452

**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	39,292	34,286
Other taxation and social security	29,866	22,498
Other creditors	24,201	18,873
Accruals and deferred income	19,012	24,433
	112,371	100,090
	2019 £	2018 £
Deferred income at 1 September 2018	7,940	-
Resources deferred during the year	3,981	7,940
Amounts released from previous periods	(7,940)	-
	3,981	7,940

Deferred income represents income received in advance for trips, drama clubs, events and catering.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Statement of funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Designated Funds	-	-	(12,000)	112,000	-	100,000
<b>General funds</b>						
General Funds	212,871	180,696	(132,978)	(112,000)	-	148,589
<b>Total Unrestricted funds</b>	<b>212,871</b>	<b>180,696</b>	<b>(144,978)</b>	<b>-</b>	<b>-</b>	<b>248,589</b>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	342,896	1,650,584	(1,797,247)	2,726	-	198,959
Pupil Premium	-	86,345	(86,345)	-	-	-
High Needs	-	20,959	(20,959)	-	-	-
Other Government Grants	-	52,043	(52,043)	-	-	-
Pension reserve	(402,000)	-	(106,000)	-	(106,000)	(614,000)
	<b>(59,104)</b>	<b>1,809,931</b>	<b>(2,062,594)</b>	<b>2,726</b>	<b>(106,000)</b>	<b>(415,041)</b>
<b>Restricted fixed asset funds</b>						
Capital grants from ESFA/DfE	6,888,340	135,411	(102,219)	(2,726)	-	6,918,806
<b>Total Restricted funds</b>	<b>6,829,236</b>	<b>1,945,342</b>	<b>(2,164,813)</b>	<b>-</b>	<b>(106,000)</b>	<b>6,503,765</b>
<b>Total funds</b>	<b>7,042,107</b>	<b>2,126,038</b>	<b>(2,309,791)</b>	<b>-</b>	<b>(106,000)</b>	<b>6,752,354</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

**General Annual Grant (GAG)**

Income from the ESFA which is to be used for the normal running costs of the academy, including education and support costs.

**Pupil Premium**

Funding received from the ESFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

**High Needs funding**

Income received from the Local Authority to fund further support for pupils with additional needs.

**Other Government Grants**

Income received from the ESFA to fund teachers pay increases and rates relief. This also contains income from the Local Authority for year 7 catch up funding.

**Pension Reserve**

The academy's share of the assets and liabilities in the Local Government Pension Scheme. This is currently in deficit due to an excess of scheme liabilities over scheme assets which are inherited each time a new member of staff is recruited, who has previously worked for an employer that subscribes to the Dorset Local Government Pension Scheme.

**DfE/ESFA capital grants**

Devolved Formula Capital funding from the ESFA to cover the maintenance and purchase of the academy's assets. £2,726 has been spent on repairs and maintenance.

**Designated Funds**

The Trustees have designated a fund of £50,000 to cover the cost of long term staff absence at the year end, as well as £12,000 being designated and spent within the year on this. They have also designated a maintenance fund with a one off contribution of £50,000.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.



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FOR THE YEAR ENDED 31 AUGUST 2019**

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

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Unrestricted funds</b>					
General Funds	161,281	56,020	(4,430)	-	212,871
<b>Restricted general funds</b>					
General Annual Grant (GAG)	488,641	1,543,127	(1,688,872)	-	342,896
Pupil Premium	-	76,240	(76,240)	-	-
High Needs	-	17,645	(17,645)	-	-
Other Government Grants	-	20,693	(20,693)	-	-
Other funds	-	53,761	(53,761)	-	-
Pension reserve	(424,000)	-	(100,000)	122,000	(402,000)
	<u>64,641</u>	<u>1,711,466</u>	<u>(1,957,211)</u>	<u>122,000</u>	<u>(59,104)</u>
<b>Restricted fixed asset funds</b>					
Capital grants from ESFA/DfE	7,028,173	8,978	(148,811)	-	6,888,340
<b>Total Restricted funds</b>	<u>7,092,814</u>	<u>1,720,444</u>	<u>(2,106,022)</u>	<u>122,000</u>	<u>6,829,236</u>
<b>Total funds</b>	<u><u>7,254,095</u></u>	<u><u>1,776,464</u></u>	<u><u>(2,110,452)</u></u>	<u><u>122,000</u></u>	<u><u>7,042,107</u></u>

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**18. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	6,918,806	<b>6,918,806</b>
Current assets	360,960	198,959	-	<b>559,919</b>
Creditors due within one year	(112,371)	-	-	<b>(112,371)</b>
Provisions for liabilities and charges	-	(614,000)	-	<b>(614,000)</b>
<b>Total</b>	<b>248,589</b>	<b>(415,041)</b>	<b>6,918,806</b>	<b>6,752,354</b>

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	6,886,167	<b>6,886,167</b>
Current assets	312,961	342,896	2,173	<b>658,030</b>
Creditors due within one year	(100,090)	-	-	<b>(100,090)</b>
Provisions for liabilities and charges	-	(402,000)	-	<b>(402,000)</b>
<b>Total</b>	<b>212,871</b>	<b>(59,104)</b>	<b>6,888,340</b>	<b>7,042,107</b>

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**19. Reconciliation of net expenditure to net cash flow from operating activities**

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	<b>(183,753)</b>	(333,989)
<b>Adjustments for:</b>		
Depreciation	<b>102,219</b>	148,811
Capital grants from DfE and other capital income	<b>(135,411)</b>	(8,978)
Interest receivable	<b>(533)</b>	(74)
Defined benefit pension scheme cost less contributions payable	<b>96,000</b>	100,000
Defined benefit pension scheme finance cost	<b>10,000</b>	-
(Increase)/decrease in stocks	<b>(1,239)</b>	-
Increase in debtors	<b>(21,267)</b>	(28,464)
Increase in creditors	<b>12,281</b>	2,236
<b>Net cash used in operating activities</b>	<b>(121,703)</b>	(120,458)

**20. Cash flows from investing activities**

	2019 £	2018 £
Interest receivable	<b>533</b>	74
Purchase of tangible fixed assets	<b>(134,858)</b>	(6,805)
Capital grants from DfE Group	<b>135,411</b>	8,978
<b>Net cash provided by investing activities</b>	<b>1,086</b>	2,247

**21. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash in hand	<b>456,961</b>	577,578
<b>Total cash and cash equivalents</b>	<b>456,961</b>	577,578

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**22. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teachers' 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 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 2016.

Contributions amounting to £23,653 were payable to the schemes at 31 August 2019 (2018 - £18,660) and are included within creditors.

**Teachers' Pension Scheme**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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**22. Pension commitments (continued)**

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £115,096 (2018 - £149,193).

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 an unfunded multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £95,000 (2018 - £80,000), of which employer's contributions totalled £72,000 (2018 - £61,000) and employees' contributions totalled £ 23,000 (2018 - £19,000). The agreed contribution rates for future years are 18.8 per cent for employers and 5.5 per cent to 12.5 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**

	2019	2018
	%	%
Rate of increase in salaries	3.65	3.80
Rate of increase for pensions in payment/inflation	2.15	2.30
Discount rate for scheme liabilities	1.90	2.70
Inflation assumption (CPI)	2.15	2.30

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.9	24.0
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	24.6	26.3
Females	26.6	28.5

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**22. Pension commitments (continued)**

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	(33)	(23)
Discount rate -0.1%	34	23
Mortality assumption - 1 year increase	37	24
Mortality assumption - 1 year decrease	(36)	(24)
CPI rate +0.1%	32	22
CPI rate -0.1%	(31)	(21)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	251,000	199,000
Liability Driven Investment	65,000	46,000
Property	52,000	37,000
Cash and other liquid assets	13,000	3,000
Other Bonds	35,000	25,000
Diversified Growth Fund	29,000	22,000
Infrastructure	26,000	16,000
Multi Asset Credit	23,000	17,000
<b>Total market value of assets</b>	<b>494,000</b>	<b>365,000</b>

The actual return on scheme assets was £36,000 (2018 - £6,000).

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

	2019 £	2018 £
Current service cost	(150,000)	(150,000)
Past service cost	(18,000)	-
Interest income	11,000	8,000
Interest cost	(21,000)	(19,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(178,000)</b>	<b>(161,000)</b>

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**22. Pension commitments (continued)**

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

	2019 £	2018 £
<b>At 1 September</b>	<b>767,000</b>	<b>703,000</b>
Interest cost	21,000	19,000
Employee contributions	23,000	19,000
Actuarial losses/(gains)	131,000	(124,000)
Benefits paid	(2,000)	-
Past service costs	18,000	-
Current service cost	150,000	150,000
<b>At 31 August</b>	<b>1,108,000</b>	<b>767,000</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>365,000</b>	<b>279,000</b>
Interest income	11,000	8,000
Actuarial gains/(losses)	25,000	(2,000)
Employer contributions	72,000	61,000
Employee contributions	23,000	19,000
Benefits paid	(2,000)	-
<b>At 31 August</b>	<b>494,000</b>	<b>365,000</b>

**23. Members' liability**

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

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**24. Related party transactions**

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

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

PJM Advertising Ltd in which A Rowley (Trustee) has a controlling interest:

Purchased advertising/marketing services at cost totalling £250 (2018: £1,063) of which £Nil (2018: £74) was outstanding at the year end.