

**Education Swanage Limited**

**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year from 1 September 2014 to 31 August 2015**

**Company Registration Number 07613612**

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**Name: Education Swanage Limited****Exempt Charity Number: EW02086****Registered Office: The Swanage School, High Street, Swanage, DORSET BH19 2PH****Registered Company Number: 07613612****Names of Trustees:**

Name	Member of Committee	Appointments and Resignations since 1 September 2014		Roles
		Start Dates	End Dates	
Paul Angel	ST			Chair [to 17 Sep 2015]
Geoff Atkinson	SF			Chair [from 17 Sep 2015]
Nick Brady	ST	22 October 2014		
Vikki Edwards	SF	22 October 2014		
Brian Erskine		16 October 2013	10 December 2014	Parent Governor
Liz Gilmour	FP, SF		22 October 2014	
Lisa Gray	ST	16 October 2013	17 September 2015	Staff Governor
Nikki Harman	ST		22 October 2014	
Tristram Hobson	ALL			Headteacher & Accounting Officer
William Knight	FP, SF			
Audrey Lang	ST		10 December 2014	Staff Governor
John Lejeune	FP, ST			Parent Governor
Helen O'Connor	ST		4 October 2015	Vice Chair [to 17 Sep 2015]
John Palmer-Snellin	ST, SF	22 October 2014		
Steve Parker	FP, SF,			Responsible Officer
Amanda Rowley	FP			Vice Chair [from 17 Sep 2015]
Lorna Russ	ST	4 February 2015	17 September 2015	Parent Governor
Alison Stevens	ST			
Carl Styants	SF, FP			
Isobel Tooley	FP, ST			
Emily Wyer	ST	4 October 2015		Parent Governor

**Senior Leadership Team at The Swanage School:****Headteacher:** Tristram Hobson **Deputy Headteacher:** Jenny Maraspin **Business Manager:** Katy Kerr**Auditors:** Ward Goodman

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

**Key to committee membership:**

Finance &amp; Premises: FP

Staffing: SF

Student: ST

## **Trustees Annual Report**

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year from 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under the company law.

## **Structure Governance and Management**

### **Constitution**

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

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

### **Members' Liability**

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

### **Trustee Indemnities**

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

### **Principal Activities**

Education Swanage Limited operates one Free School, namely The Swanage School in Swanage, Dorset.

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

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

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

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

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All Governors receive induction training and are supplied with copies of policies, procedures, minutes, budgets, plans and other documents that they will require to undertake their role as Governor. During the year, the Governors held 27 meetings.

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



## Organisational Structure

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

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

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

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

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

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

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

- Appointment/dismissal of Headteacher
- Appointment/dismissal of Deputy Headteacher
- Agree limits of delegation
- Appoint Accounting Officer
- Appoint Responsible Officer
- Agree arrangements for the provision of sex education
- Agree arrangements for the prohibition of political indoctrination
- Approve school budget
- Approve annual: Financial report, DfE returns and Report to parents
- Agree policies for: SEN, all other policies may be delegated
- Regulate Governing body procedures
- Agree committee and panel structures
- Delegate powers to committees and panels
- Receive reports from committees and panels
- Appoint/dismiss the clerk to the governors
- Co-opt governors
- Appoint associates
- Appoint nominated governors including: SEN governor, Safeguarding governor and Health and safety governor
- Receive and consider Ofsted reports
- Receive and consider reports from: Auditors, School Improvement Partners

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

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

## **Risk Management**

The Governors are responsible for the management of risks to which The Swanage School is exposed and have undertaken a review of the risks associated with its activities. This has resulted in the production of a Risk Register and associated management policies which are updated at least annually and monitored on a regular basis during the year.

The Governors are satisfied that the major risks identified have, where necessary, been adequately mitigated. It is recognised however that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

## **Objectives and Activities**

### **Objects and Aims**

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

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

- Will improve life opportunities for all students.
- Enable each student to feel affectionate about their school and as an adult to look back fondly on their education.

- Will allow each student to leave the Swanage School enabled to progress to further and higher education and the career of their choice.

## **Key Aims**

### **Academic ambition**

We promise to help our students achieve the best they can. Our deliberately ambitious target is to be among the top tier of Dorset schools, judged both by the progress they make and by the percentage of students who leave with A\*-C GCSE passes in English and Maths. We envisage that a large majority of our students will surpass that national baseline; we believe it is our duty to ensure every student who comes through our doors achieves the best possible outcome.

We will:

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

### **The Swanage School Charter**

The Swanage School is a human scale school with an innovative, intellectually challenging curriculum:

- Excellence is central to teaching and learning.
- It is a pleasure to teach and learn.
- Every student's needs are understood and catered for.
- Students are known and treated as individuals.
- Students are encouraged to take responsibility.
- All aspects of development are encouraged: Intellectual, Physical, Creative, Emotional, Moral, and Spiritual.
- All students engage in The Swanage School Challenge curriculum extension programme.
- Students' positive experiences of school extend into their adult lives.
- Behaviour is characterised by respect for others and the environment.
- Staff are supported through continuing professional development.
- Parents and local residents are welcomed as partners in learning.
- Horizons and global awareness are broadened through national and international partnerships.

### **The Swanage School Way**

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

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

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

### **Objectives, Strategies and Activities**

The Objectives are based on the Department for Education strategic indicators:

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### **Student Progress**

We plan to ensure that students' progress is at least in line to achieve Fischer Family Trust estimates (those of the top performing 20% of schools), that parents are fully engaged with their child's education and that attendance is at least 94%.

### **Curriculum, Teaching and Learning**

Our objective is to ensure the quality of teaching and learning is outstanding, achieved through integral Assessment for Learning strategies, effective differentiation and effective cross-curricular learning. We aim to deliver a literacy rich integrated programme for project based learning in years 7 and 8 and develop a series of Challenge Days and Challenge weeks which facilitate self-efficacy and self-belief. We will also ensure SMSC is embedded within the curriculum and ethos of the school.

### **Student Care and Guidance**

We will create a school where students feel safe and happy with an inspiring 'house' system, and where student leadership and student voice is an important part of the life of the school.

### **Staffing, Leadership and Governance**

The Swanage School will ensure all governors are fully trained and aware of relevant roles and responsibilities, that high quality value for money human resource is appointed to meet the direct and indirect needs of the students, and that the leadership team have the appropriate up to date skills to lead the school.

### **Financial Planning and Marketing**

We will ensure that effective and robust financial systems and controls are in place and effectively market the school to parents of prospective students to maximise student intake for September 2016.

The above objectives are achieved through planned and effective continuing professional development, precise and organised planning and rigorous monitoring and evaluation of quality standards – the school has a strategic development plan which goes into more detail.

## **Strategic Report**

### **Achievements and Performance**

#### **Student Progress**

Student attainment and progress data shows that students have made very good progress in almost all subjects, including English and Maths. This is the case for almost all 'category' groups of students. Students who are eligible for pupil premium make better than expected progress, but attainment is slightly below the school average. The quality of teaching and learning is securely "good". This has been evaluated both internally through leadership team review and externally (see below).

#### **Curriculum, Teaching and Learning**

Independent reviews have been undertaken by 5 separate inspections or monitoring visits including a formal full Ofsted inspection in May 2015. The school has undertaken 6 Challenge Days during the school year in addition to two Challenge weeks, all of which were very successful. The SMSC provision has been judged to be very good and is a core part of the ethos of the school.

**Student Care and Guidance**

We have created a school where students feel safe and happy – it is commented on by everyone who comes round the school that it is a calm, welcoming place where the children and staff feel at ease. The House system has been a great success and children and staff take pride in their house's achievements. Head Girl, House and Vice House Captains as well as 'Big Sisters' and 'Big Brothers' have been selected and take on a valued role in the school. The school council and other student representative bodies take an important role in the running of the school.

**Staffing, Leadership and Governance**

The governance of the school is exceptional. Governors attend meetings and training sessions as well as school events. They maintain the right balance between challenge and support in all meetings. The staffing structure is very tight, especially given the small size of the school and the higher than average proportion of needy children, but the school is working within its budget.

**Financial Planning and Marketing**

The financial systems are rigorous and the school has taken many opportunities to market itself in the community and student roll continues to rise, with 273 students on roll as at the Autumn 2015 census. The forecast intake for September 2016 is to reach the Published Admission Number of 84.

**Buildings**

The new building was completed on schedule and we moved in on 17<sup>th</sup> April, 2014.

**Public Benefit**

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

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

**Going Concern**

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

**Financial Review**

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



## **Reserves Policy**

The Governors review the level of reserves at the Finance and Premises Committee which meets six times annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trust aims to carry forward a prudent level of resources from the General Annual Grant, and in years one to five from the Start Up Grant to ensure the cash position is preserved, to provide for unforeseen contingencies and to effectively manage the school whilst pupil numbers build up. The Governors have designated a fund [with a starting value of £20k, increasing to a maximum of £50K] in lieu of taking out insurance to cover the cost of long term staff absence. The level of free reserves at 31 August 2015 was £28,979.

## **Investment Policy**

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

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

## **Principal Risks and Uncertainties**

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

Principal risks and uncertainties are:

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

## **Financial and Risk Management Objectives and Policies**

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

## **Plans for Future Periods**

The following core priorities should be read in conjunction with the school development plan, which is a more comprehensive action plan. These priorities have come from reflecting on our strengths and weaknesses using staff, student, parent and governor feedback as well as feedback from the full Ofsted inspection, May 2015.

## **Teaching and Learning**

- Develop academic challenge for all students across the curriculum
- Implement new assessment framework to enable students to gain a deeper understanding of their own progress.
- Improve the level of literacy and presentation across the school.

**Student Achievement**

- Students progress in line with top 20% of schools nationally
- Staff and students aware of each student's aspirational targets in each subject and flight paths are in place to achieve these.

**Behaviour**

- Improve whole school attendance to 95%
- Students have a distinctive TSS personality: confident, caring, and resilient with high expectation of themselves and others.
- Ensure we maximise student attendance and improve student self-efficacy.

**Leadership and Management**

- Improve the quality of internal and external communication.
- Develop the IAG programme to ensure students are prepared for life beyond TSS.
- Leadership development for school leaders.

**Operational Excellence**

- Develop and maintain efficient and effective IT, admin, HR, Payroll and catering services.
- Maintain our inspiring physical environment [internal and external] to allow children to learn safely.
- Provide a secure financial framework through which maximum benefit is derived from the available resources.

**Disclosure of information to auditor**

In so far as the trustees are aware:

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

Trustee's report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, and signed on behalf of the Board of Governors on 9<sup>th</sup> December 2015.



Geoff Atkinson (Chair)



Amanda Rowley (Vice Chair)

## Governance Statement

### Scope of Responsibility

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

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

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The governing body has formally met 9 times during the year. Attendance during the year at meetings of the board of trustees is shown below. Some trustees were not in post for the whole year. Brackets in the table indicate the maximum number of meetings individual trustees were eligible to attend. :

Trustee	No FGB meetings attended [out of possible]
Paul Angel	9 [9]
Geoff Atkinson	8 [9]
Nick Brady	7 [8]
Vikki Edwards	5 [8]
Brian Erskine	0 [2]
Liz Gilmour	0 [1]
Lisa Gray	4 [7]
Nikki Harman	1 [1]
Tristram Hobson	9 [9]
William Knight	8 [9]
Audrey Lang	1 [2]
John Lejeune	9 [9]
Helen O'Connor	4 [8]
John Palmer-Snellin	5 [8]
Steve Parker	8 [9]
Amanda Rowley	7 [9]
Lorna Russ	4 [4]
Alison Stevens	8 [9]
Carl Styants	8 [9]
Isobel Tooley	9 [9]
Emily Wyer	1 [1]



**Review of Value for Money**

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

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

**Raising student attainment**

The Swanage School has implemented a new assessment framework and with the appointment of a Data Manager in September 2015 continues to improve the processes for monitoring student progress and achievement. This purpose of this is to enable effective identification of specific needs and the establishment of appropriate interventions to ensure every student is able to achieve their full potential. There is an extensive programme of lesson observations, peer feedback and training to ensure high levels of teaching and learning at no additional financial cost.

**Robust governance and oversight of Academy Trust finances**

The Governors have appointed a suitably qualified Responsible Officer from the Governing Body to meet regularly with the Business Manager to oversee internal audit and compliance with financial procedures. The Finance and Premises Committee receives half termly reports on budgets and has oversight of compliance with the Scheme of Delegation, and the budget setting process ensuring the appropriate balance between necessary expenditure and the need to remain a 'going concern'. The full Governing body approves annual budget and receives and approves Accounts and Auditors Management Letter.

**Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources**

The school uses a combination of multiple quotations, discounts and bulk purchasing to ensure value for money. Works, supplies and services with a value in excess of £2,000 require at least three written quotations, significant discounts have been secured with several suppliers of learning resources [a major expenditure line] and the bulk purchase of paper has reduced costs. In addition, from September 2015 The Swanage School has entered into contract with SchoolsPlus to maximise lettings and associated income.

**Reviewing controls and managing risks**

The Headteacher and Business Manager regularly review the budget, considering expenditure against each cost centre and addressing significant variance and the Leadership Team meets fortnightly to review and manage departmental spend. Monitoring reports are submitted to the Finance Committee half termly for review. The Risk Register is an agenda item on the Finance & Premises Committee and is regularly reviewed by the senior management team to ensure risks are appropriately assessed and managed.

**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 an on-going process designed to identify and prioritise the management of risks that might impact on the achievement of aims and objectives

of The Swanage School. The system of internal control has been in place at The Swanage School for the year from 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year from 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

## **The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have decided to appoint a suitably qualified Trustee [Isobel Tooley to 14 October 2014, Steve Parker from 14 October 2014] as the Responsible Officer.

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Responsible Officer reports to the board of trustees, through the Finance and Premises Committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

## **Review of Effectiveness**

As accounting officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the business manager within the academy trust who has responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 9<sup>th</sup> December 2015 and signed on its behalf by:



**William Knight**  
Trustee



**Tristram Hobson**  
Accounting Officer

## **Statement on Regularity, Propriety and Compliance**

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

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

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



**Tristram Hobson**

Accounting Officer

9<sup>th</sup> December 2015

## Statement of Governors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 9<sup>th</sup> December 2015 and signed on its behalf by:



Geoff Atkinson

Chair of Governors

9<sup>th</sup> December 2015



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

We have audited the financial statements of Education Swanage Limited for the year ended 31 August 2015 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of trustees and auditors**

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

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

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

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

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2015 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 in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'I M Rodd', with a long horizontal stroke extending to the right.

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

9<sup>th</sup> December 2015

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

In accordance with the terms of our engagement letter dated 20 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Education Swanage Limited during the year from 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Education Swanage Limited's funding agreement with the Secretary of State for Education dated 27 February 2013 and the Academies Financial Handbook, extant from 1 September 2014 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 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 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. In undertaking this work we will have regard to the guidance in the Accounts Direction 2014 to 2015 and the ICAEW's Assurance Sourcebook.



**Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

9<sup>th</sup> December 2015

# Statement of Financial Activities for the year from 1 September 2014 to 31 August 2015

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2015	Total 2014
		£	£	£	£	£
<b>Incoming Resources</b>						
<i>Incoming resources from generated funds:</i>						
- Voluntary Income	2	600	9,989	-	10,589	104,80
- Activities for generating funds		45,217	55,417	-	100,634	
- Investment Income		-	276	-	276	
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operation	3	-	1,241,139	103,964	1,345,103	6,370,61
<b>Total Incoming Resources</b>		45,817	1,306,821	103,964	1,456,602	6,475,41
<b>Resources Expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		-	293	-	293	
<i>Charitable Activities:</i>					-	
Academy educational operations	5	32,551	1,256,180	129,747	1,418,478	1,034,40
Governance Costs	6	-	15,453	-	15,453	8,05
<b>Total Resources Expended</b>		32,551	1,271,926	129,747	1,434,224	1,042,46
Net incoming resources before transfers		13,266	34,895	(25,783)	22,378	5,432,95
<b>Gross transfers between funds</b>		-	-	-	-	
<b>Net income for period</b>		13,266	34,895	(25,783)	22,378	5,432,95
<b>Other recognised gains and losses</b>	22	-	(1,000)	-	(1,000)	(7,113
<b>Net movement in funds</b>		13,266	33,895	(25,783)	21,378	5,425,84
<b>Reconciliation of funds</b>						
<b>Funds brought forward 01/09/2014</b>	13	15,713	287,500	7,264,339	7,567,553	2,141,71
<b>Funds carried forward 31/8/2015</b>	13	28,979	321,395	7,238,556	7,588,930	7,567,55

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

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

**Balance Sheet as at 31 August 2014****Company Registration Number 07613612**

		31-Aug	31-Aug	31-Aug	31-Aug
	Note	2015	2015	2014	2014
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	10		7,301,628		7,279,839
<b>Current Assets</b>					
Debtors	11	92,474		846,690	
Cash at bank and in hand		334,046		250,097	
		426,520		1,096,787	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	12	103,218		795,074	
<b>Net current assets</b>			323,302		301,713
<b>Total assets less current liability</b>			7,624,930		7,581,552
Pension scheme liability	22		(36,000)		(14,000)
<b>Net assets including pension liability</b>			7,588,930		7,567,552
<b>Funds of Education Swanage:</b>					
<b>Restricted income funds</b>					
- Fixed asset fund	13	7,238,556		7,264,339	
- General fund	13	357,395		301,500	
- Pension Fund	13	(36,000)		(14,000)	
<b>Total restricted funds</b>			7,559,951		7,551,839
<b>Unrestricted income funds</b>					
- General fund	13		28,979		15,713
<b>Total funds</b>			7,588,930		7,567,552

The financial statements were approved by the trustees, and authorised for issue on 9<sup>th</sup> December 2015 and are signed on their behalf by:



Geoff Atkinson (Chair)



Amanda Rowley (Vice Chair)

# **Cash Flow Statement for the Accounting Year Ended 31 August 2015**

	<b>Notes</b>	2015	2014
		£	£
Net cash inflow from operating activities	<b>17</b>	131,245	236,868
Return on investments	<b>18</b>	276	-
Capital expenditure	<b>19</b>	(47,572)	(15,500)
<b>Increase in cash</b>		<b>83,949</b>	<b>221,368</b>
Net funds at 01/09/2014		250,097	28,729
<b>Net Funds at 31/08/2015</b>		<b>334,046</b>	<b>250,097</b>

## Notes to the Financial Statements for the Year Ended 31 August 2015

### 1. Statement of Accounting Policies

#### Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of Education Swanage Limited to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### Incoming Resources

All incoming resources are recognised when Education Swanage Limited has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants Receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fixed asset fund.

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as

expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

## **Resources Expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations.

- **Governance costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.



## Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

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

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

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

## Leased Assets

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

## Taxation

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

## Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 29, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are

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

## Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

## 2 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total 2014 £
Donations	600	4,144	-	4,744	14,415
Grants		5,446	-	5,446	89,870
Gift Aid		388	-	388	513
Membership Subscriptions		11	-	11	4
<b>Total</b>	<b>600</b>	<b>9,989</b>	<b>-</b>	<b>10,589</b>	<b>104,802</b>

Education Swanage Limited did not hold any investment assets nor did it generate any earned income during the 2014-15 accounting period (nil 2013/14).



**3 Funding for the Academy Trust's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Restricted Asset Funds £	Total 2015 £	Total 2014 £
<b>Activities for Generating Funds</b>					
Lettings	1,823	-	-	1,823	165
Catering income	27,163	-	-	27,163	12,641
Other income	16,231	55,417	-	71,648	44,581
	45,217	55,417	-	100,634	57,386
<b>DfE / EFA grants</b>					
General Annual Grant	-	1,199,139	-	1,199,139	771,793
Start Up Grant	-	42,000	-	42,000	297,610
Capital (IT)	-	-	4,517	4,517	337,733
Capital (building)	-	-	99,447	99,447	4,905,442
	-	1,241,139	103,964	1,345,103	6,312,577
<b>Investment income</b>					
Interest on bank deposits	-	276	-	276	649
	-	276	-	276	649
<b>Total</b>	<b>45,217</b>	<b>1,296,832</b>	<b>103,964</b>	<b>1,446,013</b>	<b>6,370,613</b>

#### 4 Resources Expended

	Staff Costs	Premises	Other	Total 2015	Total 2014
<b>Cost of generating voluntary income</b>			293	293	1,182
<b>Cost of activities for generating funds</b>					
<b>Academy's educational operations:</b>					
Direct costs	708,695		116,866	825,561	586,318
Allocated support costs	249,573	92,572	250,772	592,917	446,904
	<b>958,268</b>	<b>92,572</b>	<b>367,931</b>	<b>1,418,771</b>	<b>1,034,404</b>
<b>Governance costs including allocated support costs</b>	6,943		8,510	15,543	8,510
	<b>965,211</b>	<b>95,572</b>	<b>376,411</b>	<b>1,434,224</b>	<b>1,042,460</b>
<b>Net income/expenditure for the period includes:</b>					
<b>Operating Leases</b>			<b>2015</b>		<b>2014</b>
Other			7		7
<b>Fees payable to auditor</b>					
audit			7		6
other services					

**5 Charitable Activities – Academy's Educational Operation**

	Unrestricted Funds £	Restricted Funds £	Restricted Asset Fund £	Total 2015 £	Total 2014 £
<b>Academy's educational operations</b>					
<b>Cost of generating funds</b>					
Fundraising activities		293		<b>293</b>	<b>1,182</b>
	-	<b>293</b>	-	<b>293</b>	<b>1,182</b>
<b>Direct Costs</b>					
Teaching Staff	-	636,607		636,607	446,268
Teaching Support Staff		63,861		63,861	39,143
Reimbursed Teaching costs	-			-	-
Staff training	-	8,226		8,226	9,214
Technology costs	-	21,015		21,015	12,818
Education Supplies	-	95,852		95,852	78,875
Education Subscriptions	-			-	-
School set up costs	-	-	-	-	-
- School Building	-	-	-	-	-
VAT expenditure	-	-	-	-	-
	-	<b>825,561</b>	-	<b>825,561</b>	<b>586,318</b>
<b>Support Costs</b>					
Support staff	-	235,622		235,622	134,843
Technology costs	-	1,083		1,083	-
Office rental	-			-	51,020
Office costs	-			-	-
Recruitment costs	-	13,951		13,951	5,994
Insurance	-	17,854		17,854	9,205
Maintenance costs	-	18,682		18,682	5,092
Other occupation costs	-	2,211		2,211	1,390
Utility costs	-	32,391		32,391	12,023
Cleaning	-	39,289		39,289	11,812
Rates	-	22,119		22,119	3,600
Admin supplies	-	25,634		25,634	19,475
Catering	16,485	10,990		27,475	25,855
Other professional services	16,066	8,116		24,182	27,066
Depreciation			129,747	129,747	134,531
Other Support costs		2,677		<b>2,677</b>	4,998
	<b>32,551</b>	<b>430,619</b>	<b>129,747</b>	<b>592,917</b>	<b>446,904</b>
<b>Total</b>	<b>32,551</b>	<b>1,256,473</b>	<b>129,747</b>	<b>1,418,771</b>	<b>1,034,404</b>

## 6 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Restricted Asset Funds £	Total 2015 £	Total 2014 £
Legal and professional fees	-		-	-	856
Audit fees	-		-	-	-
Financial Statements	-	8,510	-	8,510	6,450
Other	-		-	-	750
Governance Staff	-	6,943	-	6,943	-
	-	<b>15,453</b>	-	<b>15,453</b>	<b>8,056</b>

## 7 Staff Costs

Staff costs during the period were:

	2015	2014
	£	£
Wages and Salaries	756,330	501,105
Payments to HMRC	49,260	34,621
Pension Contributions	134,117	82,798
<b>Total Staff Costs</b>	<b>939,707</b>	<b>618,524</b>

The average number of persons employed by Education Swanage Limited during the accounting period, expressed as an average full time equivalent, was as follows:

	2015	2014
Teachers	14	8.0
Administration and Support	7	2.5
Management	3	3.0
<b>Total Staff Numbers</b>	<b>24</b>	<b>13.5</b>

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

	2015	2014
	No.	No.
£60,001 to £70,000		1
£70,001 to £80,000	1	

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 employer's pension contributions for the staff member amounted to £10,265 (2014: £9,848).

## **8 Related Party Transactions**

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the role of principal and staff, and not in respect of their services as trustees. The value of trustees' remuneration and other benefits was as follows:

T Hobson [Headteacher and Trustee]

Remuneration £70,000 - £75,000 [2014: £70,000 - £75,000]

Employer's pension contributions £10,000 - £15,000 [2014: £10,000 – 15,000]

During the period ended 31 August 2015, travel and subsistence expenses totalling £0 [2014 £0] were reimbursed or paid directly to trustees.

Owing to the nature of the academy trust's operations and the members of the board of trustees being drawn from the local community, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

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

The Trust purchased books at cost totalling £1,381.50 (2014: 1,057.95)

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

Purchased advertising/marketing services at cost totalling £1,098.88 (2014:£ 9,963.22)

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

## **9 Trustees' Insurance**

In accordance with normal commercial practice Education Swanage Limited has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Education Swanage Limited business. The insurance provides cover up to £500,000 on any one claim and in aggregate for the period of insurance. The cost for the accounting year ended 31 August 2015 was £63.85 (2014: £63.85).

**10 Tangible Fixed Assets**

	Freehold Land and Buildings	Furniture and Equipment	Computer Equipment	Total
<b>Cost</b>	£	£	£	£
Cost at 1 September 2014	6,826,151	243,474	210,213	7,279,839
Additions	99,447	27,979.41	24,109.62	151,536
Disposals	-	-	-	-
At 31 August 2015	6,925,598	271,453	234,323	7,431,375
<b>Depreciation</b>				
At 1 September 2014	54,925	27,053	52,553	134,531
Charged in year	55,737	27,145.33	46,864.49	129,747
Disposals	-	-	-	-
At 31 August 2015	110,662	54,198	99,417	264,278
<b>Net book values</b>				
<b>At 31 August 2015</b>	<b>6,869,861</b>	<b>244,308</b>	<b>187,459</b>	<b>7,301,628</b>
At 31 August 2014	6,826,151	243,474	210,214	7,279,839

**11 Debtors**

	2015	2014
	£	£
VAT Recoverable	71,180	726,198
Other Debtors	3,530	102,687
Prepayments and accrued income	17,764	17,805
<b>Total Debtors</b>	<b>92,474</b>	<b>846,690</b>

**12 Creditors: Amounts falling due within one year**

	2015	2014
	£	£
Trade Creditors	49,049	47,912
Taxation and social security	17,988	21,341
VAT Payable		699,745
Other Creditors	-	4,595
Accruals and deferred income	36,181	21,482
<b>Total Creditors</b>	<b>103,218</b>	<b>795,074</b>

### 13 Funds

	Balance at 1 September 2014	Incoming Resources	Resources Expended	Gains, Losses & Transfers	Balance as at 31 August 2015
	£	£	£	£	£
<b>Restricted general funds</b>					
Start Up grants	65	42,000	42,065	-	-
GAG	202,512	1,199,139	1,193,115	-	208,537
Other	22,976	55,692	15,453	-	63,215
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	7,264,339	103,964	129,747	-	7,238,556
Donations and Grants Fixed Assets	-			-	-
Donations					-
<b>Restricted voluntary funds</b>					
Donations and Grants Fixed Assets	61,817	5,446	293	-	66,970
Voluntary	14,130	4,543	-	-	18,673
<b>Pension scheme liability</b>	(14,000)	-	21,000	(1,000)	(36,000)
<b>Total Restricted funds</b>	<b>7,551,839</b>	<b>1,410,784</b>	<b>1,401,672</b>	<b>(1,000)</b>	<b>7,559,951</b>
<b>Unrestricted Funds</b>					
Unrestricted funds	15,713	45,817	32,551	-	28,979
<b>Total unrestricted funds</b>	<b>15,713</b>	<b>45,817</b>	<b>32,551</b>	<b>-</b>	<b>28,979</b>
<b>Total Funds</b>	<b>7,567,552</b>	<b>1,456,601</b>	<b>1,434,223</b>	<b>(1,000)</b>	<b>7,588,930</b>

### 14 Analysis of net assets between funds

	Unrestricted funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
<b>Tangible fixed assets</b>			7,301,628	7,301,628
<b>Current assets</b>	28,979	397,541		426,520
<b>Current liabilities</b>		(103,218)		(103,218)
<b>Non-current liabilities</b>				
<b>Pension scheme liability</b>		(36,000)		(36,000)
<b>Total net assets</b>	<b>28,979</b>	<b>258,323</b>	<b>7,301,628</b>	<b>7,588,930</b>



**General Annual Grant**

Income is awarded by the Education Funding Agency (EFA), based on a formula provided by the local authority.

**GAG is made up of:**

- school budget share – calculated on a comparable basis to the running costs of maintained schools in the same local authority.
- education services grant – allocated to academies based on the number of pupils they are responsible for, to buy services no longer automatically provided by the local authority.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

## EFA Capital Grant

This was awarded for the building of the new school. The surveyor submits a certificate of work completed along with an invoice to the EFA who then pay the funds into the School's bank account so that the invoice can be paid.

## 15 Capital Commitments

Education Swanage Limited has entered into contracts, through the Education Funding Agency, for the build and fit out of the Swanage School. These contracts have a value of £7,738,975 which £7,473,789 has been paid to date. This sum is shown in the Education Swanage Limited accounts as Tangible Fixed Assets.

## 16 Financial Commitments

### Operating leases

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

#### Other

	2015 £000	2014 £000
Expiring within one year	7	
Expiring within two and five years inclusive	5	7
Expiring in over five years	0	0

## 17 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2015	2014
Net income	22,377	5,432,955
Depreciation (note 10)	129,747	134,531
Capital grants from DfE and other capital income	(103,963)	(5,271,228)
Interest receivable	(276)	-
FRS 17 pension costs less contributions (note 22)	21,000	6,887
FRS 17 pension finance income (note 22)	-	-
(Increase)/decrease in debtors	754,216	148,737
Increase/(decrease) in creditors	(691,856)	(215,014)
<b>Net Cash Inflow from Operating Activities</b>	<b>131,245</b>	<b>236,868</b>

18 Returns on investments	2015	2014
Interest received	276	-
<b>Net Cash Inflow from returns on investment</b>	<b>276</b>	<b>-</b>

<b>19 Capital Expenditure and Financial Investment</b>	<b>2015</b>	<b>2014</b>
Purchase of tangible fixed assets	(151,536)	(5,286,728)
Capital grants from DEF/EFA	103,964	5,243,175
Capital funding received from sponsors and others	-	28,053
Receipts from sale of tangible fixed assets	-	-
<b>Net cash inflow/outflow from capital expenditure and financial investment</b>	<b>(47,572)</b>	<b>(15,500)</b>

<b>20 Analysis of Change in Net Funds</b>	<b>At 1 September 2014</b>	<b>Cash flows</b>	<b>As at 31 August 2015</b>
<b>Cash in hand and at bank</b>	250,097	83,949	<b>334,046</b>

## 21 Guarantees, letters of comfort and indemnities

In accordance with normal commercial practice Education Swanage Limited has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Education Swanage Limited business. The insurance provides cover up to £500,000 on any one claim and in aggregate for the period of insurance. The cost for the accounting year ended 31 August 2015 was £63.85 (2014: £63.85).

## 22 Pension and Similar Obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County Council. Both are multi-employer defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £0 (2014: £10,000) were payable to the schemes at 31 August 2015 and are included within creditors.

### Teachers' Pension Scheme Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

## Valuation of the Teachers' Pension Scheme

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

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

The pension costs paid to TPS in the period amounted to £72,062 (2014: £50,398).

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

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#). Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £33,351, of which employer's contributions totalled £25,113 and employees' contributions totalled £8,238. The agreed contribution rates for future years are 17.4 per cent for employers and 5.5 to 6.8 per cent for employees.

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

### Principal Actuarial Assumptions at 31 August 2015

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

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

Life Expectancy from age 65 (years)		31-Aug-15	31-Aug-14
Retiring Today			
	Males	22.8	22.7
	Females	25.2	25.1
Retiring in 20 years			
	Males	25.1	24.9
	Females	27.6	27.4

We have also made the following assumptions:

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

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

Asset class	Bid Value £000s	31-Aug-15 Asset Share	Expected Return
		%	
Equities	73,000	55	5.6%
Gilts	15,000	12	
Cash	5,000	4	
Other bonds	16,000	13	
Diversified growth fund	6,000	5	
Property	13,000	10	
Infrastructure	2,000	1	
<b>TOTAL</b>	<b>130,000</b>	<b>100</b>	

We have estimated the bid values where necessary. The final asset allocation of the Fund assets as at 31 August 2015 is likely to be different from that shown due to estimation techniques. For further explanation of the calculation of the asset share please see Valuation Approach below.

The full breakdown of the asset allocation is not available at 31 August 2015, so other bonds and gilts have been allocated to Gilts. Based on the above, the Employer's share of the assets of the Fund is less than 1%.

### Valuation Approach

To assess the value of the Employer's liabilities at 31 August 2015, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 1 September 2014, using financial assumptions that comply with FRS17.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated liability as at 31 August 2015 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 August 2015 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

To calculate the asset share we have rolled forward the assets allocated to the Employer at 1 September 2014 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The Employer currently participates in the Dorset Academies pool with 58 other employers in order to share experience of risks they are exposed to in the Fund. At the 2013 valuation, assets for each individual employer in the pool were re-allocated by calculating the deficit for the whole pool and allocating this deficit to each employer in proportion to their liabilities. The Employer joined the pool after the 2013 valuation with no starting assets or liabilities. The next re-allocation will be carried out at the 2016 valuation, should the employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2013. The post retirement mortality tables



adopted are the S1PA tables. These base tables are then projected using the CMI 2012 Model, allowing for a long term rate of improvement of 1.5% per annum.

The actuarial return on scheme assets was £6 (2013: £0)

Amounts recognised in the statement of financial activities

	2015	2014
Current service cost (net of employee contributions)	63,000	32,000
Past service cost	-	
<b>Total operating charge</b>	<b>63,000</b>	<b>32,000</b>

Analysis of pension finance Income/(costs)

	2015	2014
Expected return on pension scheme assets	(5,000)	(2,000)
Interest on obligation	5,000	2,000
<b>Pension finance income/(costs)</b>	<b>-</b>	<b>-</b>

	2015	2014
Actual return on fund assets	4,000	5,000

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £14,000 loss (2013: £Nil loss).

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

	2015	2014
<b>At 1 September</b>		
<i>Opening defined benefit obligation</i>	83,000	
Current service cost	63,000	32,000
Interest cost	5,000	2,000
Employee contributions	14,000	8,000
Actuarial (gain)/loss	-	10,000
Benefits paid	1,000	31,000
Past Service cost	-	-
Curtailments and settlements	-	-
<b>At 31 August</b>	<b>166,000</b>	<b>83,000</b>

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

	2015	2014
<i>Opening fair value of Fund assets</i>	69,000	-
Expected return on assets	5,000	2,000
Actuarial gain/(loss)	(1,000)	3,000
Employer contributions	42,000	25,000
Employee contributions	14,000	8,000
Benefits paid	1,000	31,000
<b>Fair value of fund assets</b>	<b>130,000</b>	<b>69,000</b>

The estimated value of employer contributions for the year ended 31 August 2015 is £40,000.

**Experience adjustments:**

	<b>Year to 31-Aug-15</b>	<b>Period to 31-Aug-14</b>
Present value of defined benefit obligations	(166)	(86)
Fair value of share of scheme assets	130	69
Deficit in the scheme	(36)	(14)
Experience adjustments on share of scheme assets	(1)	3
Experience adjustments on share of scheme liabilities	-	-