

**Education Swanage Limited**

**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year from 1 September 2016 to 31 August 2017**

**Company Registration Number 07613612**

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**Name:** Education Swanage Limited [The Swanage School].

**Exempt Charity Number:** EW02086

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

**Registered Company Number:** 07613612

**Names of Trustees:**

Name	Member of Committee	Appointments & Resignations since 1st September 2016		Role
		Start Dates	End Dates	
Geoff Atkinson	ALL			Chair [to 14 Sep 2017]
Nick Brady	ST			
Jules Daulby		14 September 2017		
Mark Hatto	SR	01 February 2016		Parent Governor
Tristram Hobson	ALL			Headteacher & Accounting Officer
William Knight	FP, SF			
John Lejeune	FP, ST		14 September 2017	
Tim Marcus	FP, CE	14 September 2016		Vice Chair [from 14 Sep 2017]
Nicola Newman	FP, CE	14 September 2016		
Steve Parker	FP,SF		14 September 2017	
James Peacock	ST	12 April 2016	01 January 2017	Staff Governor
Amanda Rowley	FP,CE			Chair [from 14 Sep 2017]
Catherine Starmer-Howes	FP	14 September 2016		
John Palmer-Snelin	ST, SF		14 September 2016	
Alison Stevens	ST			
Carl Styants	SF, FP, CE			
Nicola Taylor	ST	12 April 2016		Staff Governor
Isobel Tooley	FP, ST			
Emily Wyer	ST	04 October 2015	14 September 2017	

**Senior Leadership Team at The Swanage School:**

**Headteacher:** Tristram Hobson **Deputy Headteacher:** Jenny Maraspin

**Business Manager:** Katy Kerr

**Auditors:** Ward Goodman

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

**Key to committee membership:**

Finance & Premises: FP

Staffing: SF

Student: ST

Community & Engagement: CE

## 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 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under the company law.

## Principal Activities

The trust operates a free school for pupils aged 11 to 16 serving a catchment of Swanage and the surrounding villages. It has a pupil capacity of 420 and had a roll of 310 in the school census on 5th October 2017.

## 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 2.

### Members' Liability

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

### Trustee Indemnities

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

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

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

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

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

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

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

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

## **Organisational Structure**

The Governing Body meets 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 Strategic Leadership Team.

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

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

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

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

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

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

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

The 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 Funding Agency (EFA) and initiate queries
- Consider year-end over/under-spend impact on budget planning
- Award contracts for repairs/maintenance in line with delegated financial authority
- Carry out and monitor policy on Health and Safety
- Formulate repair and maintenance budget as a rolling programme
- Prepare monthly budget statement for repair and maintenance
- Propose phased strategy for improvements to general standard of premises
- Planning overall strategy for staff deployment – teaching, non-teaching, full, part-time posts
- Decide on strategies for the continuing development of staff for the benefit of both the school and themselves.

### **Arrangements for setting pay and remuneration of key management personnel**

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

### **Objectives and Activities**

#### **Objects and Aims**

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

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

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

## Key Aims

### Academic ambition

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

We will:

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

### The Swanage School Way

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

At The Swanage School we:

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

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

## Objectives, Strategies and Activities

### Teaching and Learning

Our objectives for 2016-17 were to:

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

### Behaviour

Our objectives for 2016-17 were to:

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



## Leadership

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

## Public Benefit

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

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

## Strategic Report

### Achievements and Performance

#### Teaching and Learning

Students at The Swanage School made good progress, in English Maths.

The overall school measure of Progress 8 of -0.18 puts the school in line with average national progress.

- When socio-economic factors are taken into account, the progress 8 figure rises to 0.64 which is well above expectation and in the top 20% nationally.

The new assessment framework is now fully operational and has been shared as best practice with other schools. Student and teacher feedbacks confirms that students are more able to understand their learning process through development of their metacognitive skills.

Literacy levels have improved over the year. 79% of our students achieved A-C in English, with a Progress figure of 0.29 [one of the best in Dorset LA]. However we continue to focus on improving literacy across the curriculum.

#### Behaviour

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

#### Leadership

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

## Going Concern

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

## Financial Review

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

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

Whilst there is a liability of £424K against local government defined benefits pension scheme this does not materially affect the financial position of the academy. As at 31st August 2017 The Swanage School had £161K of unrestricted cash reserves and £64K of restricted reserves.

The Swanage School prioritised the recruitment of high quality teaching staff in order to achieve excellent GCSE results.

When considering the appropriateness of the going concern concept, the Governing body has considered the cash flow effects 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. This rate is projected, on the assumptions 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.

## Reserves Policy

The Governors 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, and in years one to five from the Start Up Grant to ensure the cash position is preserved, to provide for unforeseen contingencies and to effectively manage the school whilst pupil numbers build up. The Governors have designated a fund (with a starting value of £20K, increasing to a maximum of £50K) in lieu of taking out insurance to cover the cost of long term staff absence, they have also designated a maintenance fund with a one off contribution of £50K. The level of free reserves at 31 August 2017 was £161K.

## Investment Policy

The Governors are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risks. Governors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of various funds entrusted to the Governing Body. The current arrangement whereby all funds are held in current and no notice deposit accounts will be kept under review.

## Principal Risks and Uncertainties

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

Principal risks and uncertainties are:

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

## Financial and Risk Management Objectives and Policies

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

## Plans for Future Periods

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

### Teaching and Learning

- Students progress in line with top 20% of schools Nationally, measured by Progress 8.
  - Continue to develop academic challenge for all students.
  - Continue to develop the level of literacy and numeracy across the school
- Develop Project Based Learning to facilitate effective independent learning with integrated literacy and maths.
- Work towards developing Teaching School Status

### Behaviour

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

### Leadership

- Develop the profile of the school locally, regionally and nationally.
- Ensure SEN provision is cost effective and best meets the needs of the children
- Ensure student progress data collection has impact on student learning and progress.
- Lobby for change LA's home-school transport policy

## 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 6<sup>th</sup> December 2017.



Amanda Rowley (Chair)



William Knight (Chair of Finance & Premises Committee)

## 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 10 times during the year. Attendance during the year at meetings of the board of trustees is shown below. Some trustees were not in post for the whole year.

Governor Name	Total attended	Total possible
Geoff Atkinson	10	10
Nick Brady	6	10
Jules Daulby	2	3
Mark Hatto	9	10
Tristram Hobson	9	10
William Knight	8	10
John Lejeune	7	7
Tim Marcus	9	10
Nicola Newman	8	10
Steve Parker	6	7
James Peacock	3	5
Amanda Rowley	9	10
Catherine Starmer-Howes	9	10
Alison Stevens	7	10
Carl Styants	10	10
Nicola Taylor	5	10
Isobel Tooley	8	10
Emily Wyer	3	7

## Review of Value for Money

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

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

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at The Swanage School for the year from 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

## Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

## The Risk and Control Framework

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

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

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

- not to appoint an internal auditor. However the trustees have decided to appoint a suitably qualified Trustee, Steve Parker [to Sep 2017], to the role of Responsible Officer carry out a programme of internal checks.

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

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

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

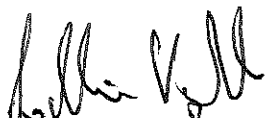
### Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 6th December 2017 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 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



**Tristram Hobson**  
Accounting Officer

6th December 2017



## Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP FRS 102 and the Academies Accounts Direction 2016 to 2017
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

Approved by order of the members of the Governing Body on 6th December 2017 and signed on its behalf by:



Amanda Rowley  
Chair of Governors

6th December 2017

## **Report of the Independent Auditors to the Members of Education Swanage Limited**

### **Opinion**

We have audited the financial statements of Education Swanage Limited (the 'charitable company') for the year ended 31 August 2017 on pages twenty one to forty two. 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' and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

### **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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 charitable company'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.

### **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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

**Report of the Independent Auditors to the Members of  
Education Swanage Limited**

**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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

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

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

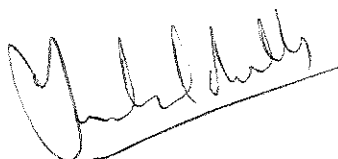
As explained more fully in the Statement of Trustees Responsibilities set out on page sixteen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.



Mr I M Rodd BSc ACA FCCA (Senior Statutory Auditor)  
for and on behalf of Ward Goodman  
Registered Auditor  
4 Cedar Park  
Cobham Road  
Ferndown Industrial Estate  
Wimborne  
Dorset  
BH21 7SF

Date: 6<sup>th</sup> December 2017

**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 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Education Swanage Limited during the year from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2016 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

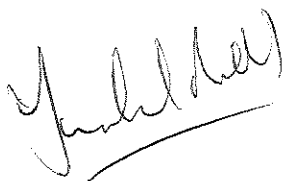
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusion includes:

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

### Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2016 to 31 August 2017 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 BSc ACA FCCA (Senior Statutory Auditor)

For and on behalf of Ward Goodman

4 Cedar Park

Cobham Road

Ferndown Industrial Estate

Wimborne

Dorset

BH21 7SF

6th December 2017

**Statement of Financial Activities for the year from 1 September 2016 to 31 August 2017**  
**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
<b>Income and Endowments from:</b>						
Donations and capital grants	2	775	12,882	8,404	22,062	9,609
Charitable Activities:						
Funding for the academy trust's educational operation	3	54,526	2,017,862	14,798	2,087,186	1,775,960
Income from other trading activities	4	5,956	-	-	5,956	4,831
Investment income	5	126	-	-	126	223
<b>Total</b>		<b>61,384</b>	<b>2,030,744</b>	<b>23,202</b>	<b>2,115,330</b>	<b>1,790,623</b>
<b>Expenditure on:</b>						
Raising funds	6		100		100	1,047
Charitable Activities:						
Academy trust educational operations	6	22,121	1,901,830	147,636	2,071,588	1,888,053
<b>Total</b>		<b>22,121</b>	<b>1,901,930</b>	<b>147,636</b>	<b>2,071,688</b>	<b>1,889,100</b>
<b>Net Income/expenditure</b>		<b>39,263</b>	<b>128,815</b>	<b>(124,434)</b>	<b>43,643</b>	<b>(98,477)</b>
<b>Transfers between funds</b>		-	-	-	-	-
<b>Other recognised gains and losses</b>						
Actuarial losses/gains on defined benefit pension schemes	23	-	(179,000)	-	(179,000)	(101,000)
<b>Net movement in funds</b>		<b>39,263</b>	<b>(50,185)</b>	<b>(124,434)</b>	<b>(135,357)</b>	<b>(199,477)</b>
<b>Reconciliation of funds</b>						
<b>Funds brought forward 01/09/2016</b>	14	<b>122,020</b>	<b>114,825</b>	<b>7,152,608</b>	<b>7,389,453</b>	<b>7,588,930</b>
<b>Funds carried forward 31/08/2017</b>	14	<b>161,283</b>	<b>64,640</b>	<b>7,028,174</b>	<b>7,254,096</b>	<b>7,389,543</b>

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 2017**

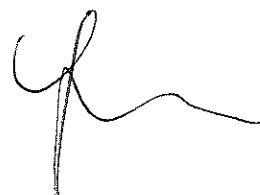
	Note	31/Aug 2017 £	31/Aug 2017 £	31/Aug 2016 £	31/Aug 2016 £
<b>Fixed Assets</b>					
Tangible Assets	11		7,028,173		7,152,608
<b>Current Assets</b>					
Debtors	12	51,988		87,443	
Cash at bank and in hand	20	695,791		557,827	
		<u>747,779</u>		<u>645,270</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	97,857	97,857	241,426	
<b>Net Current Assets</b>					
			<u>649,922</u>		<u>403,844</u>
<b>Total assets less current liability</b>					
			7,678,095		7,556,453
<b>Net assets excluding pension liability</b>					
			<u>7,678,095</u>		<u>7,556,453</u>
Defined benefit pension scheme liability	23		(424,000)		(167,000)
<b>Total net assets</b>					
			<u>7,254,095</u>		<u>7,389,453</u>
<b>Funds of Education Swanage:</b>					
<b>Restricted funds</b>					
- Fixed asset fund	14	7,028,174		7,152,608	
- General fund	14	488,640		281,825	
- Pension fund	14	(424,000)		(167,000)	
<b>Total restricted funds</b>					
			7,092,813		7,267,434
<b>Unrestricted income funds</b>					
	14		161,283		122,020
<b>Total funds</b>					
			<u>7,254,096</u>		<u>7,389,453</u>

The financial statements were approved by the trustees, and authorised for issue on 6th December 2017 and are signed on their behalf by:

Amanda Rowley (Chair)



Tim Marcus (Vice Chair)



**Statement of Cash Flows for the year ended 31 August 2017**

	Notes	2017	2016
		£	£
Net cash provided by (used in) operating activities	17	137,837	223,559
Cash flows from investing activities	19	126	223
Cash flows from financing activities		-	-
<b>Change in cash and equivalents in the reporting period</b>		<b>137,964</b>	<b>223,782</b>
Cash and cash equivalents at 1 September 2016		557,827	334,045
Cash and cash equivalents at 31 August 2017		695,791	557,827



**Notes to the Financial Statements for the Year Ended 31 August 20167****1. Statement of Accounting Policies**

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

**Legal Status**

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

**Basis of Preparation**

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

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

**Going Concern**

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

**Income**

All incoming resources are recognised when Education Swanage Limited has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

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

## **Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

### **Tangible Fixed Assets**

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

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

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

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

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

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

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

### **Liabilities**

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

## Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

## Leased Assets

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

## Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at

## Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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 gains and losses.

## **Fund Accounting**

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

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

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

## **Critical accounting estimates and areas of judgement**

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

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

The present value of the Local Government Pension Scheme defined liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. The carrying balance is £424K.

**2 Donations and Capital Grants**

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital Grants		8,404	<b>8,404</b>	5,431
Donated Fixed Assets			-	-
Other Donations	775	12,882	<b>13,657</b>	4,178
<b>Total</b>	<b>775</b>	<b>21,287</b>	<b>22,062</b>	<b>9,609</b>

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

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2017	2016
	£	£	£	£
<b>DfE Grants / EFA Grants</b>				
General Annual Grant [GAG]		1,896,744	<b>1,896,744</b>	1,546,557
Start Up Grants		-	-	21,000
Other DfE / EFA Grants		75,027	<b>75,027</b>	71,378
	-	1,971,771	<b>1,971,771</b>	1,638,935
<b>Other Government Grants</b>				
Local authority Grants			-	-
Special educational projects			-	-
Other income from the academy trusts's educational operations	54,526	60,889	<b>115,415</b>	137,025
<b>Total</b>	<b>54,526</b>	<b>2,032,660</b>	<b>2,087,186</b>	<b>1,775,960</b>

**4 Other trading activities**

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2017	2016
	£	£	£	£
Hire of Facilities	5,956		<b>5,956</b>	4,831
	5,956	-	<b>5,956</b>	4,831

**5 Investment income**

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2017	2016
	£	£	£	£
Bank Interest	126		<b>126</b>	223
	126	-	<b>126</b>	223

Education Swanage Limited did not hold any investment assets nor did it generate any earned income during the 2016-17 accounting period (nil 2015/16).

**6 Resources Expended**

	Non Pay Expenditure			<b>Total</b> <b>2017</b> £	<b>Total</b> <b>2016</b> £
	Staff Costs £	Premises £	Other £		
Expenditure on raising funds			100	<b>100</b>	1,047
Academy's educational operations:					
Direct costs	1,153,751	-	211,384	<b>1,365,136</b>	1,123,793
Allocated support costs	327,284	148,435	230,734	<b>706,452</b>	764,260
	<u>1,481,035</u>	<u>148,435</u>	<u>442,218</u>	<b><u>2,071,688</u></b>	<u>1,889,100</u>

**Net income/expenditure for the period includes:**

	<b>2017</b> £	2016 £
Operating lease rentals	16,990	15,755
Depreciation	147,636	157,544
Gain/loss on disposal of fixed assets		-
Amortisation of intangible fixed assets (included within Charitable Activities - Academy Trust Educational Operations)		-
Fees payable to auditor for:		
Audit	6,532	7,000
Other services		-



**7 Charitable Activities**

	Total	Total
	2017	2016
	£	£
Direct costs - education operations	1,365,136	1,123,793
Support costs - educational operations	706,452	764,260
	<u>2,071,588</u>	<u>1,888,053</u>

**Analysis of support costs**

Support staff costs	327,284	334,155
Depreciation	147,636	157,544
Technology costs	15,655	15,357
Premises costs	148,435	150,100
Other support costs	66,353	100,912
Governance costs	1,089	6,193
Total support costs	<u>706,452</u>	<u>764,261</u>

**8 Staff****a. Staff Costs**

Staff costs during the period were:

Wage and Salaries	1,125,776	1,007,267
Social security costs	260,807	72,497
Operating costs of defined benefit scheme	147,500	179,078
	<u>1,534,083</u>	<u>1,258,842</u>
Supply staff costs	19,764	32,734
	<u>19,764</u>	<u>32,734</u>

**b. Staff numbers**

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

	Number	2017 Full time Equivalent	Number	2016 Full time Equivalent
Teachers	20	18	20	15
Teaching & Learning Support	14	9	14	8
Administration & support	13	7	15	7
Management	3	3	3	3
	50	37	50	33

**c. Higher paid staff**

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

	2017 No.	2016 No.
£60,000 to £70,000	1	0
£70,001 to £80,000	1	1

**d. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their service to the academy trust was £233,101 (2016 £204,787)

## 9 Related Party Transactions

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

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

T Hobson [Headteacher and Trustee]

Remuneration £75,000 - £80,000 [2015: £70,000 - £75,000]

Employer's pension contributions £10,000 - £15,000 [2016: £10,000 – 15,000]

J Peacock [staff trustee]

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

N Taylor [staff trustee]

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

During the period ended 31 August 2017, travel and subsistence expenses totalling £nil [2016 £nil] were reimbursed or paid directly to trustees.

## 10 Trustees' and officer's insurance

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

**11 Tangible Fixed Assets**

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost</b>				
At 1st September 2016	6,980,523	305,413	288,494	<b>7,574,430</b>
Additions	-	10,948	12,253	<b>23,201</b>
Disposals				<b>-</b>
At 31st August 2017	<b>6,980,523</b>	<b>316,361</b>	<b>300,747</b>	<b>7,597,631</b>
<b>Depreciation</b>				
At 1st September 2016	166,750	87,445	167,627	<b>421,822</b>
Charged in year	55,850	31,636	60,150	<b>147,636</b>
Disposals				<b>-</b>
At 31st August 2017	<b>222,600</b>	<b>119,081</b>	<b>227,777</b>	<b>569,458</b>
<b>Net book values</b>				
At 1st September 2016	6,813,773	217,969	120,866	<b>7,152,608</b>
At 31st August 2017	<b>6,757,923</b>	<b>197,280</b>	<b>72,970</b>	<b>7,028,173</b>

**12 Debtors**

	2017 £	2016 £
VAT Recoverable	<b>20,155</b>	57,752
Other Debtors	<b>8,237</b>	8,509
Prepayments and accrued income	<b>23,596</b>	21,181
	<b>51,988</b>	87,443

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

	2017 £	2016 £
Trade Creditors	<b>39,123</b>	29,979
Other taxation and social security	<b>48,960</b>	37,277
Other Creditors	<b>101</b>	149,375
Accruals and deferred income	<b>9,673</b>	24,795
	<b>97,857</b>	241,426
<b>Deferred income</b>		
	2017 £	2016 £
Deferred income at 1 September 2016	<b>20,481</b>	-
Released from previous years	<b>(20,481)</b>	-
Resources deferred in year	-	20,481
Deferred income at 31 August 2017	-	20,481

**14 Funds**

	Balance as at 1 September 2016	Incoming Resources	Resources Expended	Gains Losses & Transfers	Balance as at 31 August 2017
	£	£	£	£	£
<b>Restricted general funds</b>					
General annual grant	157,507	1,873,543	1,742,272	-	288,778
Start up grants	-	-	-	-	-
Pupil Premium	-	75,027	75,027	-	-
Pension reserve	(167,000)		78,000	179,000	(424,000)
Other grants	124,318	82,176	6,632	-	199,862
	<u>114,825</u>	<u>2,030,745</u>	<u>1,901,931</u>	<u>179,000</u>	<u>64,640</u>
<b>Restricted fixed assets funds</b>					
DfE/EFA capital grants	7,144,083		147,636		6,996,447
Capital expenditure from GAG	8,525	23,201			31,726
Private sector capital sponsorship	-				-
	<u>7,152,608</u>	<u>23,201</u>	<u>147,636</u>	<u>-</u>	<u>7,028,173</u>
<b>Total restricted funds</b>	<u>7,267,433</u>	<u>2,053,947</u>	<u>2,049,567</u>	<u>179,000</u>	<u>7,092,813</u>
<b>Total unrestricted funds</b>	122,020	61,384	22,121		161,283
<b>Total funds</b>	<u>7,389,453</u>	<u>2,115,331</u>	<u>2,071,688</u>	<u>179,000</u>	<u>7,254,096</u>

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**15 Analysis of net assets between funds**

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets			7,028,173	7,028,173
Current assets	161,283	586,496		747,779
current Liabilities		(97,857)		(97,857)
Non-current liabilities				-
Pension scheme liability		(424,000)		(424,000)
<b>Total net assets</b>	<u>161,283</u>	<u>64,639</u>	<u>7,028,173</u>	<u>7,254,095</u>

**16 Commitments under operating leases**

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

	2017 £	2016 £
Amounts due within one year	16,990	16,000
Amounts due within one and five years	45,026	63,000
Amounts due after five years	-	-
	<b>62,016</b>	<b>79,000</b>

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

	2017 £	2016 £
Net income	43,643	(98,477)
Depreciation (note 11)	147,636	157,544
Capital grants from DfE and other capital income	(23,202)	(8,524)
Interest receivable	(126)	(223)
FRS102 pension costs less contributions (note 23)	78,000	30,000
FRS102 pension finance income (note 23)	-	-
(increase)/decrease in debtors	35,455	5,030
Increase/(decrease) in creditors	(143,569)	138,208
<b>Net cash provided by Operating Activities</b>	<b>137,836</b>	<b>223,558</b>

**18 Cash flows from financing activities**

	2017 £	2016 £
Repayment of borrowing	-	-
Cash flows from new borrowing	-	-
<b>Net cash provided by / (used in) financing activities</b>	<b>-</b>	<b>-</b>

**19 Capital expenditure and financial investment**

	2017 £	2016 £
Dividends interest and rents from investments	126	223
Proceeds of sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(23,201)	(8,524)
Capital grants from DfE / EFA	23,201	8,524
Capital funding received from sponsors and others	-	1
<b>Net cash provided by / (used in) investing activities</b>	<b>126</b>	<b>223</b>

**20 Analysis of cash and cash equivalents**

	At 1 September 2016	Cash flows	As at 31 August 2017
	£	£	£
Cash in hand and at bank	557,828	137,963	695,791
Notice deposits	-	-	-
	<u>557,828</u>	<u>137,963</u>	<u>695,791</u>

**21 Guarantees, letters of comfort and indemnities**

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

**22 Members liability**

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

**23 Pension and Similar Obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

**Teachers' Pension Scheme Introduction**

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

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

### Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £119,941 (2016: £103,548).

A copy of the valuation report and supporting documentation is on the Teachers Pension Website.

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

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £85,434, of which employer's contributions totalled £62,866 and employees' contributions totalled £22,568. The agreed contribution rates for future years are 18.8 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 2017**

	31-Aug-17	31-Aug-16	31-Aug-15
	%	%	%
Rate of increase in salaries	4.2	3.8	4.2
Rate of increase in pensions in payment/ inflation	2.7	2.3	2.7
Discount rate for scheme liabilities	2.6	2.2	4
Inflation assumptions (CPI)	2.7	2.3	2.7
Commutaion of pensions to lump sums	50	50	50

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

Life Expectancy from age 65 (years)		31-Aug-17	31-Aug-16
Retiring Today			
	Males	23.9	22.9
	Females	26	25.3
Retiring in 20 years			
	Males	26.2	25.2
	Females	28.3	27.7

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

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

Asset Class	31-Aug-17 Fair Value £000's	31-Aug-16 Fair Value £000's
Equities	154	128
Gilts	37	24
Cash	7	2
Other bonds	32	28
Diversified growth fund	12	10
Property	25	23
Infrastructure	12	6
<b>TOTAL</b>	<b>279</b>	<b>221</b>

The actual return on scheme assets was £37,000 [2016: £17,000]

**Amount recognised in the statement of financial activities**

	2017	2016
<b>At 31 August</b>	£000's	£000's
Service cost	138	85
Current service cost (net of employee contributions)		
Net interest cost	3	
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	Included above	Included above
<b>Total operating charge</b>	<b>141</b>	<b>85</b>

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

	2017	2016
<b>At 1 September</b>	£000's	£000's
Opening defined benefit obligation	388	166
Current service cost	138	85
Interest cost	9	7
Employee contributions	21	19
Actuarial (gain) /loss	149	111
Benefits paid	-2	0
Plan introductions, benefit changes, curtailment and settlements		0
<b>At 31 August</b>	<b>703</b>	<b>388</b>

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

	2017	2016
<b>At 1 September</b>	£000's	£000's
Opening defined benefit obligation	221	130
Expected return on assets	n/a	n/a
Interest income	6	7
Return on plan assets (excluding net interest on the net defined pension liability)	31	10
Actuarial (gain) /loss	-61	n/a
Employer contributions	63	55
Employee contributions	21	19
Benefits paid	-2	0
Plan introductions, benefit changes, curtailments and settlements		
<b>At 31 August</b>	<b>279</b>	<b>221</b>

**24 Related party transactions**

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

PJM Advertising Ltd in which Amanda Rowley (Governor) has a controlling interest:  
Purchased advertising/marketing services at cost totalling £1,929 (2016:£ 125.95)

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