

**Dorchester Middle School**  
(A Company Limited by Guarantee)

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2017**

**Company Registration Number: 08059041 (England and Wales)**



**Dorchester Middle School**  
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**Dorchester Middle School**  
Reference and Administrative Details

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**Members and Trustees**

J Adams  
P Bailey  
V Bindon (resigned 9 May 2017)  
N Bousfield (appointed 3 November 2016)  
C Dearden (Accounting Officer)  
J Dunne (Chair of Trustees)  
A Gallaher (Mrs Hardie)  
K Gallego (resigned 15 November 2017)  
A Hambleton-White  
A Keogh-Larkin  
C Pluck (appointed 16 June 2017 and  
resigned 30 October 2017)  
M Reed (appointed 3 October 2017)  
J Taylor (resigned 9 May 2017)  
A Walters (appointed 1 May 2017 and  
resigned 1 September 2017)  
S Wood (appointed 14 March 2017)

**Company Secretary**

F Scott

**Senior Management Team**

Head Teacher	C Dearden
Deputy Head Teacher	C Pluck
Assistant Head Teacher	C Hepworth-Wain
Business Manager	D Shutts

**Company Name**

Dorchester Middle School

**Principal Address and Registered Office**

Dorchester Middle School  
Queens Avenue  
Dorchester, Dorset  
DT1 2HS

**Company Registration Number**

08059041 (England and Wales)

**Independent Auditor**

Albert Goodman LLP  
Mary Street House  
Mary Street  
Taunton, Somerset  
TA1 3NW

**Bankers**

Lloyds Bank  
1-2 High Street  
Dorchester  
Dorset  
DT1 1UG

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2017. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates a Middle School Academy for pupils aged 9 to 13, serving a catchment area from Dorchester and the surrounding villages. Admissions are dealt with by adhering to the Academy's Admissions Policy. The Academy has a capacity of 600 pupils, and had a roll of 618 for the academic year 2016/17.

## **Structure, Governance and Management**

### **Constitution**

Dorchester Middle School is a company limited by guarantee with no share capital (registration no. 08059041). The charitable company's memorandum and articles of association are the prime governing documents of School. The articles of association require members of the charitable company to appoint not less than 3 directors (Trustees) as a Board of Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of School.

The principal object of the academy is to provide, for the public benefit, education in the United Kingdom.

### **Members' Liability**

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

### **Trustees' Indemnities**

Subject to the provisions of the Companies Act 2006 every Trustee or other officer or auditor of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

The Academy has arranged a professional indemnity insurance policy with the RPA with a limit of £10,000,000.

### **Method of Recruitment and Appointment or Election of Trustees**

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006, and Trustees for the purposes of the charity legislation. The term of office for any Trustee shall be 4 years, save that this shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be reappointed or re-elected. The Trustees who served in the period ended 31 August 2017 and up to the date of approval of the annual report and financial statements are listed on page 2.

There is a positive targeting of skills required when seeking new Trustees.

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

The training and induction provided for new Trustees will depend on their existing experience and is tailored to the needs of the individual. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Trustees are given a tour of the school and the chance to meet staff and students. All Trustees are provided with access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees

### **Organisational Structure**

Dorchester Middle School has a management structure of a Board of Trustees and a Leadership Team led by the Headteacher. Following restructure in 2017, there is also an extended Leadership Team.

The Board of Trustees has overarching responsibility for the academy, including:

- Policy development and strategic planning, including target-setting to keep up momentum on school improvement;
- Ensuring sound management and administration of the school, and ensuring that managers are equipped with relevant skills and guidance;
- Ensuring compliance with legal requirements;
- Establishing and maintaining a transparent system of prudent and effective internal controls.
- Management of the school's financial, human and other resources;
- Monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon;
- Helping the school to be responsive to the needs of parents and the community and making it more accountable through consultation and reporting;
- Setting the school's standards of conduct and values;
- Assessing and managing risk (including preparation of a statement on the school's risk management for its annual report and accounts);
- Ensuring that bank accounts, financial systems and financial records are operated by more than one person;
- Ensuring that all the school's property is under the control of the Trustees.
- Keeping full and accurate accounting records; and
- Preparing accruals accounts giving a true and fair view of the school's incoming resources and application of resources during the period and of its state of affairs at the period end.

The executive powers of the Board of Trustees are delegated to the Headteacher unless specifically retained or otherwise set out in approved policies. The Headteacher is the accounting officer of the school.

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

The Trust has a SLA with the Local Education Authority regarding all aspects of HR, and is advised in pay decisions by the LEA accordingly.

Pay is linked to Performance Management. The Pay Committee includes the Chair of Trustees, two Vice Chairs (Chair of Finance and Chair of Curriculum) and the SIP appointed to the academy.

### **Related Parties and other Connected Charities and Organisations**

There are no related parties which either control or significantly influence the operations or decisions of Dorchester Middle School. A register of business interests is maintained by the Clerk to the Trustees and shows a nil return for the year 2016-17.

## **Objectives and Activities**

### **Objects and Aims**

The principal object of the Trust is 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.

There is an on-going School Development Plan which informs the aims.

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

The aims of the School are:

- To maintain high quality learning and teaching in all subject areas and across all key stages in order to provide students with high quality learning experiences that will enable them to make exceptional progress and develop skills for lifelong learning.
- To improve attainment, achievement and progress to ensure that all students achieve their potential with a particular focus on the achievement of vulnerable groups. The school has high expectations for all students regardless of ability or disadvantage.
- To monitor and assess learning effectively so that we can put in place high quality intervention and support at an early stage to make sure that all students can achieve their potential in every classroom.
- To personalise the curriculum at all key stages to promote achievement for different groups of students.
- To ensure the principles of sustainability remain central to school policy and practice.

### **Public Benefit**

The Trustees confirm that the academy has complied with their duty to have due regard to the Charity Commission's general guidance on public benefit. The academy meets these requirements by providing free education to all those enrolled in the academy as well as numerous other benefits provided to the local community. The academy's facilities are available for the people of the surrounding area to hire.

### **Equal Opportunities**

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy promotes equal opportunities in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued. Academy policies are in accordance with legal requirements.

### **Disabled Persons**

The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by making reasonable adaptations to the physical environment, by making support resources available and through training and career development. Academy policies are in accordance with legal requirements.

## **Strategic Report**

### **Achievements and Performance**

At Dorchester Middle School we work very closely to track achievement from all our Feeder schools. We secure a baseline attainment level in the core subjects and track the progress of pupils through to the end of Year 8.

The school was last inspected by Ofsted in March 2014. Inspectors stated that "pupils are taught well and encouraged to achieve their best so they are therefore suitably prepared for their next schools", "by the time they leave, most have achieved particularly well in Reading and Mathematics", and "the schools provision for physically disabled pupils is particularly effective".

The school is due to be re-inspected approximately 3 years from the previous inspection (i.e. from March 2017).

#### **Key Performance Indicators KS2 Summer 2017:**

Attainment	At Standard	Progress KS1 – KS2	Overall 2017
Reading	72%	Reading	-1.8
Writing	51%	Writing	-5.4
SPAG	71%	Maths	-4.4
Maths	59%		
R/W/M	45%		

#### **Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. When preparing the annual budget the Trustees consider a three year view to maintain the academy trust as a going concern. For this reason it continues to adopt the going concern basis in preparing the financial statements.

### **Financial Review**

The majority of the academy trust's funding is obtained from the Education and Skills Funding Agency (ESFA) / Department of Education (DfE) in the form of recurrent grants. This funding is recognised as restricted due to its specific purposes. Any ESFA funding received for fixed assets is shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the academy trust's accounting policies.

During the year the academy received income of £2,813,179 (2016: £2,858,684). Total income from restricted activities amounted to £2,700,560 against expenditure, transfers and pension adjustments of £2,650,413 leaving a surplus for the year of £50,147.

The school generated £100,052 of unrestricted income through activities such as educational trips and nursery income. Attributable expenditure amounted to £86,714, including transfers, leaving a surplus for the year of £13,338.

The recent restructure has helped to eliminate many of the anomalies that existed previously in the staffing structure, affording greater accountability throughout the school. To achieve this aim, it has been necessary to protect some salaries for a period of time. The risk to the budget should be reduced over the next three years.

Whilst there is a significant deficit on the LGPS it is recognised that this is not an immediate liability and a planned level of overpayments are being made to address the issue. The Trustees follow the guidance of the Pension Fund Trustees in these matters.

### **Reserves Policy**

The Trustees review the cash reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of cash reserves.

The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £120,744. Additionally within restricted funds the academy holds £108,547 of reserves (including the General Annual Grant) that are considered freely available for general purposes. The Trustees intend that the free reserves will be retained to offset financial uncertainty arising from the current climate of financial austerity.

### **Investment Policy**

The school finance department is exploring opportunities with the Bank regarding Investment possibilities. Any arrangements will be considered by the Finance Committee and agreed with the Board.

### **Risk Management**

The Trustees use a recommended risk management framework, including a policy and a register, to assess and manage strategic, operational and financial risk. Senior Leadership Team has operational responsibility of the Risk Register. Risk Management is a regular agenda item on all committee and Board of Trustees agendas. Adequate insurance cover has been obtained where appropriate.

## **Principal Risks and Uncertainties**

With 90% of the schools operational income being from the General Annual Grant ("GAG") funded by the ESFA, the greatest risk in the medium to long term is falling student numbers as a significant element of GAG is determined directly by these.

There is also uncertainty for the forthcoming financial year as to the funding to be received from the LEA towards Special Education Needs ("SEN") and High Needs Funding. These are issues that are outside of the control of the Board of Trustees and Trustees will be monitoring the process regularly.

The Trust is also undergoing a period of uncertainty regarding the health of the Head Teacher, and it has been necessary, to adhere to legal requirements, to appoint the Deputy Head/Head of School as Head Teacher. This will put a strain on the budget for the coming financial year, and Trustees will be working with Senior Management to find areas of savings to compensate for this.



## **Plans for Future Periods**

The SPLANG (Speech and Language) Base is now closed, and there will therefore be no funding available which will impact on future needs. The School is awaiting further information from the LEA.

The Board continue to explore the possibilities and benefits of joining multi academy trusts. Any decisions will be made after a wide consultation with all shareholders, including parents and guardians.

## **Funds held as Custodian trustee on behalf of others**

The academy trust and its Trustees do not act as the custodian trustee of any other charity.

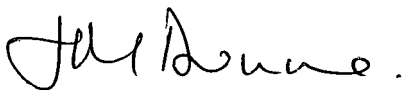
## **Auditor**

Insofar 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.

The auditor, Albert Goodman LLP, will be proposed for re-appointment at the Annual General Meeting.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 28/11/2017 and signed on the board's behalf by:



.....  
Jan Dunne  
Chair of Trustees

## **Scope of Responsibility**

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

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

## **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 10 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr John Adams	10	10
Mrs Patricia Bailey	10	10
Mrs Vera Bindon	7	8
Ms Natasha Bousfield	1	6
Ms Caroline Dearden	7	9
Mrs Jan Dunne	8	10
Ms Amanda Gallaher (Mrs Hardie)	9	10
Mrs Katie Gallego	3	10
Mrs Alice Hambledon-White	9	10
Mrs Antoinette Keogh-Larkin	6	10
Ms Caroline Pluck	1	1
Mrs Joanna Taylor	6	8
Mrs Ann Walters	2	3
Mrs Susan Wood	3	3

A review is carried out annually by the Board of Trustees, when terms of reference, committee structure and membership, link Trustees and Articles of Governance are discussed. There is also an ongoing review of a policies schedule to be agreed.

In 2016/17, the board structure was amended to reflect the changing nature of the Academy status, and in an effort to be able to appoint new Trustees with the requisite skills.

After identifying gaps, following the skills audit, the Board of Trustees have been successful in finding a suitable candidate, having targeted a need for Environment and Health and Safety Skills. The new trustee, Mr. Reed, takes up his post on the Board in November. The Board of Trustees is still recruiting for the other skills gap identified.

**Dorchester Middle School**  
Governance Statement  
For the Year Ended 31 August 2017

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The Finance Committee is a sub-committee of the main Board of Trustees. During the period, the Committee met 6 times. Its purpose is to provide guidance and assistance to the Headteacher and the Board of Trustees in all matters relating to budgeting and finance.

In 2016/17 it was particularly concerned with the financial implications of the proposed restructure, and in 2017/18 will be very much involved with the need to seek future savings within the budget.

Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of a possible
Mrs Patricia Bailey	6	6
Ms Natasha Bousfield	2	4
Ms Caroline Dearden	4	4
Ms Amanda Gallaher (Mrs Hardie)	6	6
Mrs Katie Gallego	3	6
Ms Caroline Pluck	2	2
Mrs Ann Walters	1	1

### **Review of Value for Money**

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

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

- The academy ensures a continual focus on best value for money through the economic, efficient and effective use of resources. Through working with other DASP schools the academy is able to procure goods and services using economies of scale.
- Since converting to an academy in June 2012, all contracts have been reviewed and where appropriate renegotiated. Contracts are reviewed at least every three years. Some services with external providers have been terminated, for example the Music Service SLA as the expertise was available within the schools partnership. The Academy promotes fair competition through quotations and tendering in accordance with the Academies Financial Regulations. In the period ending 31 August 2017 the academy reviewed the contract for photocopiers/printers following these regulations. The Trustees are responsible for applying the principles of best value when making decisions about the allocation of resources to best promote the aims and values of the school and the targeting of resources to best improve standards and the quality of provision.
- The academy benchmarks itself against other comparative organisations using information supplied by the ESFA.

## **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 in Dorchester Middle School for the year 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 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance 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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint South West Audit Partnership (SWAP) to carry out this function. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The nature of this function and the duties to be carried out are still subject to discussion and will be in place for the financial year 2017/18.

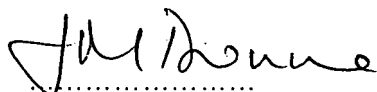
### **Review of Effectiveness**

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

- The work of the internal auditor;
- The work of the external auditor;
- The work of the executive managers within the school trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 28/11/2017 and signed on its behalf by:



Jan Dunne  
Chair of Trustees



Caroline Dearden  
Headteacher and Accounting Officer

## **Dorchester Middle School**

### **Statement on Regularity, Propriety and Compliance For the Year Ended 31 August 2017**

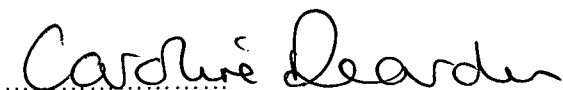
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#### **Statement on Regularity, Propriety and Compliance**

As accounting officer of Dorchester Middle School I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



Caroline Dearden  
Headteacher and Accounting Officer

Date: 28/11/2017

## **Dorchester Middle School**

### **Statement of Trustees' Responsibilities**

For the Year Ended 31 August 2017

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The Trustees (who act as governors of Dorchester Middle School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

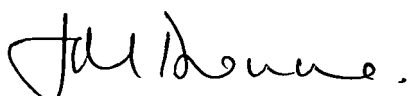
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 28/11/2017 and signed on its behalf by:



.....  
Jan Dunne  
Chair of Trustees

## **Dorchester Middle School**

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Dorchester Middle School  
For the Year Ended 31 August 2017

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### **Opinion**

We have audited the financial statements of Dorchester Middle School ('the charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared under the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly 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 Auditor's 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 12 months from the date when the financial statements are authorised for issue.



## **Dorchester Middle School**

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Dorchester Middle School  
For the Year Ended 31 August 2017

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### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the 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 have 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page 14, 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 to 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.

## **Dorchester Middle School**

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Dorchester Middle School  
For the Year Ended 31 August 2017

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### **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 Independent Auditors.



Paul Hake FCCA  
Senior Statutory Auditor  
for and on behalf of  
Albert Goodman LLP  
Chartered Accountants  
Statutory Auditor

Date: 30 November 2017

## **Dorchester Middle School**

Independent Reporting Accountant's Assurance Report on Regularity to Dorchester Middle School and the Education and Skills Funding Agency  
For the Year Ended 31 August 2017

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In accordance with the terms of our engagement letter dated 8 June 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Dorchester Middle School during the period 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 Dorchester Middle School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Dorchester Middle School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dorchester Middle School and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Dorchester Middle School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Dorchester Middle School's funding agreement with the Secretary of State for Education dated 1 June 2012 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 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

## **Dorchester Middle School**

Independent Reporting Accountant's Assurance Report on Regularity to Dorchester Middle School  
and the Education and Skills Funding Agency  
For the Year Ended 31 August 2017

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The work undertaken to draw our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2016);
- A review of the governance policies and procedures with specific consideration for financial planning, monitoring and control;
- Gaining assurance that the lines of delegation and the limits set both internally by the academy and by ESFA have been adhered to;
- A review of all meeting minutes of the Board of Trustees;
- An examination of financial transactions to identify any unusual items which may be improper; and
- A review of the declaration of interests completed by the Trustees.

### **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 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.



Reporting Accountant

Albert Goodman LLP  
Chartered Accountants

Mary Street House  
Mary Street  
Taunton  
Somerset  
TA1 3NW

Date: 30 November 2017

**Dorchester Middle School****Statement of Financial Activities (including Income and Expenditure Account)**

For the Year Ended 31 August 2017

	Note	Unres- tricted £	Restricted General £	Restricted Fixed Asset £	2017 Total £	2016 Total £
<b>Income and endowments from:</b>						
Donations and capital grants	2	40,303	-	12,567	52,870	27,677
Charitable activities:						
Funding for the academy's educational operations	3	-	2,700,560	-	2,700,560	2,729,004
Other trading activities	4	59,527	-	-	59,527	101,681
Investments	5	222	-	-	222	322
<b>Total</b>		<u>100,052</u>	<u>2,700,560</u>	<u>12,567</u>	<u>2,813,179</u>	<u>2,858,684</u>
<b>Expenditure on:</b>						
Charitable activities:						
Academy's educational operations	6	48,592	2,791,413	278,838	3,118,843	3,150,679
<b>Total</b>		<u>48,592</u>	<u>2,791,413</u>	<u>278,838</u>	<u>3,118,843</u>	<u>3,150,679</u>
<b>Net income / (expenditure)</b>		51,460	(90,853)	(266,271)	(305,664)	(291,995)
<b>Transfers between funds</b>	17	(38,122)	-	38,122	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined benefit pension schemes		-	141,000	-	141,000	(710,000)
<b>Net movement in funds</b>		13,338	50,147	(228,149)	(164,664)	(1,001,995)
<b>Reconciliation of funds</b>						
Total funds brought forward		107,406	(1,652,600)	8,502,047	6,956,853	7,958,848
<b>Total funds carried forward</b>		<u>120,744</u>	<u>(1,602,453)</u>	<u>8,273,898</u>	<u>6,792,189</u>	<u>6,956,853</u>

The Statement of Financial Activities for the prior year is shown in Note 22.

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	11	8,340,894	8,604,654
<b>Current assets</b>			
Debtors	12	75,648	60,861
Cash at bank and in hand		251,831	234,131
		<u>327,479</u>	<u>294,992</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	13	(135,386)	(158,385)
<b>Net current assets</b>		<u>192,093</u>	<u>136,607</u>
<b>Total assets less current liabilities</b>		8,532,987	8,741,261
Creditors: Amounts falling due after more than	14	(29,798)	(65,408)
<b>Net assets excluding pension liability</b>		<u>8,503,189</u>	<u>8,675,853</u>
Defined benefit pension scheme liability	19	(1,711,000)	(1,719,000)
<b>Total assets</b>		<u><u>6,792,189</u></u>	<u><u>6,956,853</u></u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset fund	17	8,273,898	8,502,047
Restricted general fund	17	108,547	66,400
Pension reserve	17	(1,711,000)	(1,719,000)
<b>Total restricted funds</b>		6,671,445	6,849,447
<b>Unrestricted income funds</b>	17	120,744	107,406
<b>Total funds</b>		<u><u>6,792,189</u></u>	<u><u>6,956,853</u></u>

The financial statements on pages 20 to 40 were approved by the Board of Trustees, and authorised for issue on 28/11/2017 and are signed on their behalf by:



Jan Dunne  
Chair of Trustees

**Dorchester Middle School**  
**Cash Flow Statement**  
**For the Year Ended 31 August 2017**

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	<b>Note</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Net cash (used in) / provided by operating activities	i	57,189	114,770
<b>Cash flows from investing activities</b>	ii	(2,289)	4,354
<b>Cash flows from financing activities</b>			
Loan repayments in year		(37,200)	(37,200)
<b>Change in cash and cash equivalents in the reporting period</b>		<u>17,700</u>	<u>81,924</u>
<b>Cash and cash equivalents at the 01 September 2016</b>		234,131	152,207
<b>Cash and cash equivalents at the 31 August 2017</b>	iii	<u><u>251,831</u></u>	<u><u>234,131</u></u>

**i Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)		(305,664)	(291,995)
Adjusted for:			
Depreciation charges	11	278,838	308,555
Capital grants from DfE/ESFA		(12,567)	(12,651)
Interest receivable	5	(222)	(322)
Discounting on interest free loan		1,590	2,626
Defined benefit pension scheme costs		133,000	83,000
(Increase)/decrease in debtors		(14,787)	2,082
Increase/(decrease) in creditors		(22,999)	23,475
Net cash provided by/(used in) operating activities		<u>57,189</u>	<u>114,770</u>

**ii Cash flows from investing activities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Purchase of tangible fixed assets	(15,078)	(8,619)
Capital grants from DfE/ESFA	12,567	12,651
Interest received	222	322
Net cash provided by / (used in) investing activities	<u>(2,289)</u>	<u>4,354</u>

**iii Analysis of cash and cash equivalents**

	<b>At 31</b>	<b>At 31</b>
	<b>August</b>	<b>August</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash in hand and at bank	251,831	234,131
Total cash and cash equivalents	<u>251,831</u>	<u>234,131</u>



## **1 Statement of Accounting Policies**

### **1.1 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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Dorchester Middle School meets the definition of a public benefit entity under FRS 102.

### **1.2 Going concern**

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

### **1.3 Income**

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

- **Grants**

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

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted general 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.

- **Donations**

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

- **Other income**

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

**1.3 Income (continued)**

- **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.

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated activity are allocated directly to an 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.

**1.5 Tangible fixed assets and depreciation**

Assets costing £750 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of an asset, the related grants are credited to the 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 at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Long-term leasehold property	Straight line basis over 125 years
Fixtures and fittings	25% on reducing balance
Computer equipment	33% straight line

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

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

**1.6 Liabilities**

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

**1.7 Provisions**

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

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

**1.8 Leased Assets**

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

**1.9 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 19, 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 gains and losses on settlements and curtailments. They are included as part of staff costs 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 the interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**1.10 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 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 and Skills Funding Agency and Department for Education.

**1.11 Taxation**

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

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

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

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

*Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Donations and capital grants**

	Unrestricted Funds £	Restricted Fixed Asset £	2017 Total £	2016 Total £
Devolved Formula Capital Grant	-	12,567	12,567	12,651
Donations	40,303	-	40,303	15,026
	<u>40,303</u>	<u>12,567</u>	<u>52,870</u>	<u>27,677</u>

**3 Funding for the academy educational operations**

	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
<b>DfE/ESFA revenue grants</b>				
General Annual Grant (GAG)	-	2,486,506	2,486,506	2,533,039
Other DfE/ESFA grants	-	178,875	178,875	173,960
	<u>-</u>	<u>2,665,381</u>	<u>2,665,381</u>	<u>2,706,999</u>
<b>Other Government grants</b>				
Other Government grants	-	35,179	35,179	22,005
	<u>-</u>	<u>2,700,560</u>	<u>2,700,560</u>	<u>2,729,004</u>

**4 Other trading activities**

	Unrestricted Funds £	Restricted Funds £	2017 Total £	2016 Total £
Hire of facilities	10,362	-	10,362	10,557
Catering income	3,694	-	3,694	4,482
Trip income	40,046	-	40,046	67,035
Music income	1,051	-	1,051	1,127
Other income	4,374	-	4,374	18,480
	<u>59,527</u>	<u>-</u>	<u>59,527</u>	<u>101,681</u>

**Dorchester Middle School**  
Notes to the Financial Statements  
For the Year Ended 31 August 2017

**5 Investment income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
Short term deposits	222	-	222	322
	<u>222</u>	<u>-</u>	<u>222</u>	<u>322</u>

**6 Expenditure**

	<b>Staff Costs £</b>	<b>Non Pay Expenditure Premises      Other £                      £</b>		<b>2017 Total £</b>	<b>2016 Total £</b>
<b>Charitable activities Academy's educational operations:</b>					
Direct costs	2,014,884	-	253,641	2,268,525	2,301,166
Allocated support costs	266,198	432,173	151,947	850,318	849,513
	<u>2,281,082</u>	<u>432,173</u>	<u>405,588</u>	<u>3,118,843</u>	<u>3,150,679</u>

Net income/(expenditure) for the period includes:	<b>2017 £</b>	<b>2016 £</b>
Fees payable to auditor for:		
Audit	5,950	5,750
Other non-audit services	2,000	4,175
Depreciation	278,838	380,555

**7 Charitable activities – Academy's educational operations**

	<b>2017</b>	<b>2016</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Direct costs – educational operations</b>	<u>2,268,525</u>	<u>2,301,166</u>
<b>Support costs – educational operations</b>		
Support staff costs	266,198	261,254
Depreciation	16,634	30,613
Technology costs	16,125	15,186
Premises costs	432,173	449,823
Other support costs	107,048	82,712
Governance costs	<u>12,140</u>	<u>9,925</u>
	<u>850,318</u>	<u>849,513</u>

**8 Staff**

**a. Staff costs**

Staff costs during the period were:

	<b>2017</b>	<b>2016</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,696,670	1,767,914
Social security costs	153,133	135,035
Other pension costs	410,375	327,248
	<u>2,260,178</u>	<u>2,230,197</u>
Supply staff costs	20,904	21,254
Other staff costs	-	3,036
	<u>2,281,082</u>	<u>2,254,487</u>

**b. Staff numbers**

The average number of persons (expressed as full time equivalent and including senior management) employed by the academy during the period was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	29	26
Administration and support	25	25
Management	4	4
	<u>58</u>	<u>55</u>

**c. Higher paid staff**

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

	2017	2016
	No.	No.
£60,001 - £70,000	-	1

**d. Key management personnel**

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £213,753 (2016: £277,118).

**9 Related party transactions – Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

C Dearden (headteacher and trustee):	
Remuneration	£50,000 - £55,000 (2016: Over £60,000)
Employer's pension contributions paid	£5,000 - £10,000 (2016: £10,000 - £15,000)
C Pluck (staff trustee):	
	<i>Appointed on 16/06/2017</i>
Remuneration	£15,000 - £20,000
Employer's pension contributions paid	£nil - £5,000
S Wood (staff trustee):	
	<i>Appointed on 14/03/2017</i>
Remuneration	£5,000 - £10,000
Employer's pension contributions paid	£nil - £5,000

**10 Trustees' and officers' insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one trustee and the cost for the year ended 31 August 2017 is included in the total insurance cost.



**11 Tangible fixed assets**

	<b>Long-term Leasehold Property £</b>	<b>Fixtures and Fittings £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2016	9,283,890	98,925	222,013	9,604,828
Additions	-	4,178	10,900	15,078
Disposals	-	-	-	-
At 31 August 2017	<u>9,283,890</u>	<u>103,103</u>	<u>232,913</u>	<u>9,619,906</u>
<b>Depreciation</b>				
At 1 September 2016	720,930	60,767	218,477	1,000,174
Charged in year	262,204	10,584	6,050	278,838
Disposals	-	-	-	-
At 31 August 2017	<u>983,134</u>	<u>71,351</u>	<u>224,527</u>	<u>1,279,012</u>
<b>Net book values</b>				
At 31 August 2016	<u>8,562,960</u>	<u>38,158</u>	<u>3,536</u>	<u>8,604,654</u>
At 31 August 2017	<u>8,300,756</u>	<u>31,752</u>	<u>8,386</u>	<u>8,340,894</u>

**12 Debtors**

	<b>2017 £</b>	<b>2016 £</b>
Trade debtors	891	2,000
Other debtors	104	104
VAT recoverable	21,592	21,700
Prepayments and accrued income	53,061	37,057
	<u>75,648</u>	<u>60,861</u>

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

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Other loans	15	37,200	37,200
Trade creditors		9,948	24,773
Accruals and deferred income		10,466	22,591
Taxation and social security		40,424	38,857
Other creditors		37,348	34,964
		<u>135,386</u>	<u>158,385</u>

**Deferred income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2016	4,879	1,100
Released from previous years	(4,879)	(1,100)
Resources deferred in the year	-	4,879
Deferred income at 31 August 2017	<u>-</u>	<u>4,879</u>

**14 Creditors: amounts fall due after more than one year**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Other loans	15	<u>29,798</u>	<u>65,408</u>

**15 Loans**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year on demand:		
Other loans	37,200	37,200
Amounts falling between one and two years:		
Other loans - 1-2 years	29,798	65,408
	<u>66,998</u>	<u>102,608</u>

Included within other loans is a loan of £66,998 from Dorset County Council which was provided on the following terms; interest-free until July 2015 then interest-free unless the Bank of England base rate rises above 2 per cent, when interest payable will be 0.25 per cent above the Bank of England base rate per annum, until the loan is repaid in full in June 2019.

## 16 Operating lease commitments

The following operating lease payments are committed to be paid within one year:

	2017 £	2016 £
Expiring:		
Within one year	29,099	52,832
Between one and five years	20,471	23,379
	<u>49,570</u>	<u>76,211</u>

## 17 Movement in Funds

	Balance At 1 September 2016 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance At 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	66,400	2,486,506	(2,444,359)	-	108,547
Other DfE/ESFA grants	-	178,875	(178,875)	-	-
Other local authority grants	-	35,179	(35,179)	-	-
Pension reserve	(1,719,000)	-	(133,000)	141,000	(1,711,000)
	<u>(1,652,600)</u>	<u>2,700,560</u>	<u>(2,791,413)</u>	<u>141,000</u>	<u>(1,602,453)</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	8,478,448	-	(266,727)	35,610	8,247,331
Capital expenditure from other restricted funds	23,599	12,567	(12,111)	2,512	26,567
	<u>8,502,047</u>	<u>12,567</u>	<u>(278,838)</u>	<u>38,122</u>	<u>8,273,898</u>
<b>Total restricted funds</b>	<u>6,849,447</u>	<u>2,713,127</u>	<u>(3,070,251)</u>	<u>179,122</u>	<u>6,671,445</u>
<b>Unrestricted funds</b>					
General	<u>107,406</u>	<u>100,052</u>	<u>(48,592)</u>	<u>(38,122)</u>	<u>120,744</u>
<b>Total funds</b>	<u>6,956,853</u>	<u>2,813,179</u>	<u>(3,118,843)</u>	<u>141,000</u>	<u>6,792,189</u>

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

**General Annual Grant (GAG)** – Funding from the Education and Skills Funding Agency to support the education and running costs of the academy. 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 2017.

**Other DfE/ESFA grants** – Grants from the Education and Skills Funding Agency to support non-staff insurance costs, pupils from low income families and PE education.

**Other local authority grants** – Funding from Dorset County Council for children that have a specific requirement for additional support.

**Pension Reserve** – This fund represents the pension deficit for the Local Government Pension Scheme and its associated costs for the period.

**Inherited Fixed Assets** – This fund is to recognise the value of the donated fixed assets at the conversion of the school to an Academy. The expenditure is the depreciation on those assets.

**Capital expenditure from other restricted funds** - This is funding received for fixed asset expenditure.

## 18 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	-	-	8,340,894	8,340,894
Current assets	120,744	206,735	-	327,479
Current liabilities	-	(98,188)	(37,198)	(135,386)
Non-current liabilities	-	-	(29,798)	(29,798)
Pension scheme liability	-	(1,711,000)	-	(1,711,000)
<b>Total net assets</b>	<b>120,744</b>	<b>(1,602,453)</b>	<b>8,273,898</b>	<b>6,792,189</b>

## **19 Pensions and similar obligations**

The academy trust'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

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

### **Teachers' Pension Scheme**

#### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, 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**

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%.

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 payable from September 2015. The next valuation of the TPS will be 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 £198,000.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

#### **Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £105,000 (2016: £97,000), of which employer's contributions totalled £80,000 (2016: £73,000) and employees' contributions totalled £25,000 (2016: £24,000). The agreed contribution rates for future years are 18.8 per cent for employers and 6.5 per cent for employees.

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

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
Rate of increase in salaries	4.20%	3.80%
Rate of increase for pensions in payment / inflation	2.70%	2.30%
Discount rate for scheme liabilities	2.60%	2.20%
Inflation assumption (CPI)	2.70%	2.30%

#### **Sensitivity analysis**

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

<b>Disclosure item</b>	<b>£000's +0.1%</b>	<b>£000's 0.0%</b>	<b>£000's -0.1%</b>
Adjustment to discount rate			
Present value of total obligation	2,789	2,857	2,926
Projected service cost	193	198	203
Adjustment to long term salary increase			
Present value of total obligation	2,870	2,857	2,844
Projected service cost	203	198	193
Adjustment to pension increases and deferred revaluation			
Present value of total obligation	2,913	2,857	2,803
Projected service cost	203	198	193
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	2,953	2,857	2,764
Projected service cost	204	198	192

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	23.9	22.9
Females	26.0	25.3
<i>Retiring in 20 years</i>		
Males	26.2	25.2
Females	28.3	27.7

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

	Fair value as at 31 August 2017	Fair value as at 31 August 2016
Equities	632,000	581,000
Bonds	130,000	129,000
Property	101,000	103,000
Diversified growth fund	50,000	47,000
Gilts	153,000	111,000
Cash	30,000	11,000
Infrastructure	50,000	26,000

<b>Total market value of assets</b>	<b>1,146,000</b>	<b>1,008,000</b>
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**Amounts recognised in the statement of financial activities**

	2017 £	2016 £
Current service cost (net of employee contributions)	(175,000)	(120,000)
Net interest cost	(37,000)	(35,000)
Administration	(1,000)	(1,000)
<b>Total operating charge</b>	<b>(213,000)</b>	<b>(156,000)</b>

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

	2017 £	2016 £
<b>At 1 September</b>	<b>2,727,000</b>	<b>1,753,000</b>
Current service cost	175,000	120,000
Interest cost	60,000	70,000
Change in financial assumptions	(53,000)	767,000
Change in demographic assumptions	78,000	-
Experience loss/(gain) on defined benefit obligation	(114,000)	-
Contributions by Scheme participants and other employers	25,000	24,000
Benefits paid	(41,000)	(7,000)
<b>At 31 August</b>	<b>2,857,000</b>	<b>2,727,000</b>

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

	2017 £	2016 £
<b>At 1 September</b>	1,008,000	827,000
Interest income	23,000	35,000
Return on assets less interest	124,000	57,000
Other actuarial gains/(losses)	(72,000)	-
Administration expenses	(1,000)	(1,000)
Contributions by employer including unfunded	80,000	73,000
Contributions by Scheme participants and other employers	25,000	24,000
Benefits paid	(41,000)	(7,000)
<b>At 31 August</b>	<u>1,146,000</u>	<u>1,008,000</u>

**20 Related party transactions**

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

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 9.

**21 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 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 cease to be a member.



**22 Prior year Statement of Financial Activities**

		Unres- tricted	Restricted General	Restricted Fixed Asset	2016 Total
	Note	£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	2	12,768	2,260	12,649	27,677
Charitable activities:					
Funding for the academy trust's educational operations	3	-	2,729,004	-	2,729,004
Other trading activities	4	22,071	79,610	-	101,681
Investments	5	322	-	-	322
<b>Total</b>		<u>35,161</u>	<u>2,810,874</u>	<u>12,649</u>	<u>2,858,684</u>
<b>Expenditure on:</b>					
Charitable activities:					
Academy trust educational operations	6	7,994	2,831,506	311,179	3,150,679
<b>Total</b>		<u>7,994</u>	<u>2,831,506</u>	<u>311,179</u>	<u>3,150,679</u>
<b>Net income / (expenditure)</b>		(37,200)	4,032	33,168	(291,995)
<b>Transfers between funds</b>		-	-	-	-
<b>Other recognised gains / (losses):</b>					
Actuarial (losses) / gains on defined benefit pension schemes		-	(710,000)	-	(710,000)
<b>Net movement in funds</b>		(10,033)	(726,600)	(265,362)	(1,001,995)
<b>Reconciliation of funds</b>					
Total funds brought forward		117,439	(926,000)	8,767,409	7,958,848
<b>Total funds carried forward</b>		<u>107,406</u>	<u>(1,652,600)</u>	<u>8,502,047</u>	<u>6,956,853</u>