

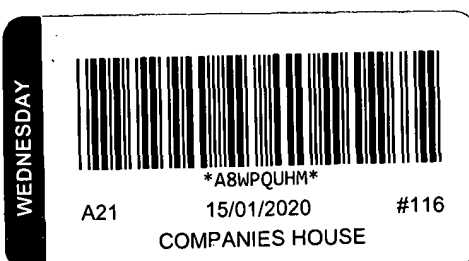
Registration number: 08059041

# Dorchester Middle School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019



**DORCHESTER MIDDLE SCHOOL**  
**CONTENTS**

---

Reference and Administrative Details	1
Trustees' Report	2 to 10
Governance Statement	11 to 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditor's Report on the Financial Statements	17 to 19
Independent Reporting Accountant's Report on Regularity	20 to 21
Statement of Financial Activities incorporating Income and Expenditure Account	22 to 23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements	26 to 44

**DORCHESTER MIDDLE SCHOOL**  
**REFERENCE AND ADMINISTRATIVE DETAILS**

---

**Members and Trustees**

J Adams  
P Bailey  
J Brown (appointed 3 December 2019)  
N Ullah (Bousfield) (resigned 8 November 2019)  
C Dearden, Headteacher and Accounting Officer  
J Dunne, Chair of Trustees  
J Fairless (resigned 21 May 2019)  
A Gallaher (Hardie) (resigned 27 November 2018)  
P Knell (appointed 19 March 2019)  
S Legg  
B Martin (appointed 19 March 2019)  
M Reed (resigned 4 September 2019)  
L Upchurch  
S Wood

**Senior Leadership Team**

\* Ms C Dearden, Head Teacher  
\* Ms C Pluck, Deputy Head teacher  
Mrs J Williams, Senior Assistant Manager  
Miss F Ray, Assistant Headteacher – KS2  
Miss G Clements, Assistant Headteacher – KS3  
Mr R Murray, Assistant Headteacher – English  
Mrs D Hammonds, Assistant Headteacher – Curriculum  
Miss L Sharpe, SENDCo  
\* Mrs D Shutts, Business Manager

**Principal and Registered Office**

\* Senior Management Team  
Dorchester Middle School  
Queens Avenue  
Dorchester  
Dorset  
DT1 2HS

**Company Registration Number**

08059041

**Auditors**

Albert Goodman LLP  
Goodwood House  
Blackbrook Park Avenue  
Taunton  
Somerset  
TA1 2PX

**Bankers**

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

## **DORCHESTER MIDDLE SCHOOL**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019**

---

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. 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 614 for the academic year 2018/19.

#### **Structure, governance and management**

##### ***Constitution***

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company registration number is 08059041.

The governors act as the trustees for the charitable activities of Dorchester Middle School and are also the directors of the charitable company for the purposes of company law.

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

The articles of association require members of the charitable company to appoint not less than 3 directors (Trustees) as a Governing Body 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.

## **DORCHESTER MIDDLE SCHOOL**

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

---

#### ***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 year ended 31 August 2019 and up to the date of approval of the annual report and financial statements are listed on page 1.

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 Governing Body and a Leadership Team led by the Headteacher.

The Board of Trustees has overarching responsibility for the school, 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.
- 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.

## DORCHESTER MIDDLE SCHOOL

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

---

Curriculum	John Adams
Data Protection	Lisa Upchurch
English	Pat Bailey
Health and Safety	Stuart Legg
Humanities	Pat Bailey
IT	Jan Dunne
Maths	Peter Knell
Mental Health and Wellbeing	Alice Hambleton - White
MFL	Lisa Upchurch
Pupil Voice	Sue Wood
SMSC	Jan Dunne
Safeguarding	Stuart Legg
Science	Ben Martin
SEND	Jan Dunne
Pupil Premium	John Adams (9 Nov 19)
Sports	Stuart Legg
Tech/Art	John Adams

In addition, the Governing Body have also assigned governors to specific lead governor roles to reflect key elements of its work. The appointments are as follows:

Quality assurance by the governing body has ensured expediency in school's finances and appropriate staff re-structuring to meet the needs of current pupil cohorts. Additionally, the Governing Body has fully tested the information provided by the school for pupil progress and attainment. Whilst it is acknowledged that outcomes remain low in key stage 2, outcomes at the end of Year 8 are high with almost all pupils making at least the expected progress from their starting points and a high majority attaining at least the expected standard for their age, across the curriculum. An area for development for the governing body is to undertake the NGA self-evaluation exercise.

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 Board of Trustees are not remunerated other than the Headteacher. Pay and remuneration is set under the Trust's pay policies, which are reviewed annually by the Board of Trustees.

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. The Leadership pay range is set in accordance with individual school ranges as part of the Trust's pay policy.

Pay is linked to Performance Management: the Head Teacher pay review group includes the Chair of Trustees, two Vice Chairs (Chair of Finance and Chair of Curriculum) and the SIP appointed to the school, which reviews CD's PM and remuneration. The Pay Committee, who review all other pay reviews, include the Chair of Trustees, Vice Chair and one other Governor.

## **DORCHESTER MIDDLE SCHOOL**

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

---

#### ***Trade union facility time***

Dorchester Middle School does not have any union representatives.

#### ***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.

#### ***Connected organisations, including related party relationships***

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 2018/19.

A Parent Teacher Association has been established this academic year.

#### ***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 they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission. 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.

## DORCHESTER MIDDLE SCHOOL

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

#### STRATEGIC REPORT

##### Achievements and performance

At Dorchester Middle School we track pupil achievement (progress and attainment) very closely. GL testing is undertaken in Y4 whilst pupils are still in First School. This is used as a baseline for tracking achievement from the pupils' point of entry to the school. We also track progress and attainment in relation to the statutory assessment at KS3 and KS2. Assessment systems are embedded across the school and facilitate tracking of pupils' achievement in all year groups and in all subjects

A short Ofsted Inspection, section 8, took place on Thursday 15th November 2018. The Inspection did not convert to two days.

The School was subsequently inspected by Ofsted in May 2019. This was a full Section 5 Inspection. Ofsted have acknowledged errors in the scheduling of the Section 8 Inspection of November 2018. A school must be inspected under Section 5 by the end of the fifth academic year following a Section 5 Inspection.

The Section 5 Inspection found the school to 'Require Improvement'.

##### Key Performance Indicators

Key Stage 2 headline data required to be published on the school website by the DfE

- 48% of pupils achieved the expected standard in reading, writing and mathematics, compared to the National figure of 65% and Dorset figure of 61%.
- 11% of pupils achieved the higher standard in reading, writing and mathematics, compared to the National figure of 10% and Dorset figure of 10%.
- Our pupils' average score in the reading test was 102, compared to the National figure of 104.
- Our pupils' average score in the mathematics test was 102.6, compared to the National figure of 105.
- Our pupils' average score in the GPV test was 103.5.
- The average progress that pupils made in reading between KS1 and KS2 was -3.50
- The average progress that pupils made in writing between KS1 and KS2 was -2.07
- The average progress that pupils made in mathematics between KS1 and KS2 was -3.43

2019	Meeting Expected Standard			Exceeding the Expected Standard		
	School (vs 2018)	Nation al	Dorset	School (vs 2018)	Nation al	Dorset
Reading	61% (-2%)	73%	72%	23% (-6%)	20%	25%
Writing	69% (+8%)	78%	76%	18% (-2%)	20%	21%
Mathematics	65% (+6%)	79%	76%	19% (+6%)	27%	22%
EPGS	66% (+5%)	78%	76%	24% (-3%)	36%	31%



## DORCHESTER MIDDLE SCHOOL

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

#### STRATEGIC REPORT

##### Year 8 Achievement Summary 2019

There is no process for benchmarking Year 8 data at a National level. The school, along with almost all other middle schools nationwide, has invested in the nationally recognised GL Assessment papers to provide a significant, externally validated data set. This enables us to compare the performance of our Year 8 pupils to the performance of 100,000 other children who took the same tests.

In Mathematics, the mean standardised age score for the 2019 Year 8 cohort at Dorchester Middle School was 113.4 compared to a national mean of 100. A score of 112 to 126 is recognised as 'above average'; 61% of pupils achieved a score above 112 compared to 23% nationally. A score of above 126 is recognised as 'very high'; 23% of DMS Year 8 pupils achieved this standard in 2019 compared to 4% nationally. 90% of pupils achieving Band 4 or above (this equates to at least the new GCSE Grade 4 which is recognised as a 'pass'). This compares to the national GL figure of 77%.

In English, the mean standardised age score for the 2019 Year 8 cohort at Dorchester Middle School was 109.7 compared to a national mean of 100. A score of 112 to 126 is recognised as 'above average'; 46% of pupils achieved a score above 112 compared to 23% nationally. A score of above 126 is recognised as 'very high'; 19% of DMS Year 8 pupils achieved this standard in 2019 compared to 4% nationally. 89% of pupils achieving Band 4 or above (this equates to at least the new GCSE Grade 4 which is recognised as a 'pass'). This compares to the national GL figure of 77%.

In Science, the mean standardised age score for the 2019 Year 8 cohort at Dorchester Middle School was 105.6 compared to a national mean of 100. A score of 112 to 126 is recognised as 'above average'; 32% of pupils achieved a score above 112 compared to 23% nationally. A score of above 126 is recognised as 'very high'; 14% of DMS Year 8 pupils achieved this standard in 2019 compared to 4% nationally. 84% of pupils achieving Band 4 or above (this equates to at least the new GCSE Grade 4 which is recognised as a 'pass'). This compares to the national GL figure of 77%.

2019	Mean SAS	School % mean age band+	National % mean age band+	School 112+	National 112+	School 126+	National 126+	School % making good progress	National % making good progress
English	109.7	89%	77%	46%	23%	19%	4%	100%	75%
Maths	113.4	90%	77%	61%	23%	23%	4%	93%	75%
Science	105.6	84%	77%	32%	23%	14%	4%	92%	75%

##### 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.

## **DORCHESTER MIDDLE SCHOOL**

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

---

#### **STRATEGIC REPORT**

---

##### **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 £3,072,236 (2018: £2,876,728). Total income from restricted activities amounted to £2,920,353 against expenditure, transfers and pension adjustments of £3,085,657 leaving a deficit for the year of £165,304. The school generated £111,499 of unrestricted income through activities such as educational trips and nursery income. Attributable expenditure amounted to £133,950, including transfers, leaving a deficit for the year of £22,451.

In recent years, the school has undergone two staffing restructures. The first, which was implemented in January 2017 sought to eliminate endemic weaknesses in leadership and management. To achieve this aim, it was necessary to protect some salaries for a period of time. The risk to the budget should be reduced over three years from January 2017. The second restructure which was implemented in September 2018, helped to eliminate many of the anomalies that existed previously in the staffing structure and achieved the financial saving necessary to compensate for the cut in SEND funding from the Local Authority, increasing NICs, increasing TP contributions and increasing support staff and teacher salaries. A saving of £250k was made. This was done without the need for redundancy or salary protection.

For 2019-20 the school achieved further financial saving through moving to mixed-attainment teaching across the curriculum in all year groups. As each teaching group is timetabled individually there is less 'free' teacher time within the model and the school was able to save a total of 1.81 FTE teachers. Teachers who left the school at the end of 2018-19 were not replaced like-for-like.

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 £45,386. Additionally within restricted funds the academy holds £387,706 of reserves (including the General Annual Grant) that are considered freely available for general purposes. The Trustees aim to have enough free reserves to cover one months salary costs. The funds held in excess of this are currently being retained as a contingency reserve to cover financial uncertainty arising from the current climate of financial austerity.

##### **Investment policy**

The academy holds its reserves and accounts at Lloyds Bank. It uses a current account, a 32-day notice deposit account and a fixed-term deposit account to accrue interest, while incurring no current account charges.

## **DORCHESTER MIDDLE SCHOOL**

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

---

#### **STRATEGIC REPORT**

---

##### ***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. However, at present the school is 18 pupils over PAN.

There is further 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. The Headteacher is currently in school on a part-time basis whilst undergoing treatment. She works from home for 1-2 days each week.

##### **Fundraising**

No fundraising work has been undertaken with commercial participators or professional fundraisers. All fundraising is currently undertaken by the PTFA, which was formed in October 2018 and is registered as a separate charity for this purpose.

Voluntary contributions are requested from parents to assist in the Art and Technology departments to purchase good quality materials. No child is disadvantaged if payment is not forthcoming. Monies collected go to the appropriate cost centres for these departments to enhance their capitation budgets.

As part of their citizenship education, Year groups generally adopt a charity to fundraise for during the school year; monies collected in are accounted for and despatched to the organisations involved.

The Finance Committee consider the subject of fundraising within their agenda, including the consideration of risk attached.

Pupils have not been asked to fundraise outside of the premises, and members of the public have not been approached directly. Fundraising codes are adhered to. Gift Aid is not collected. There have been no registered complaints about fundraising.

##### ***Plans for future periods***

The future of the Physical Disability Base is less uncertain than it was at the end of 2018-19. There are currently 10 spaces, which are funded by the Local Authority. In September 2019, 5 PD pupils transitioned to Upper School and 1 to a secondary school in his home locality, leaving 1 pupil on roll for September 2019. There are a number of physically disabled pupils in Y4 within the Dorchester Area School Partnership and the Weymouth area. Four physically disabled pupils have applied for places in the DMS PD Base for September 2020. The academy is awaiting confirmation of confirmed places and funding, following a consultation with the LEA. Trustees continue to monitor the situation closely.

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

**DORCHESTER MIDDLE SCHOOL**

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

---

**Funds held as Custodian Trustee on behalf of others**

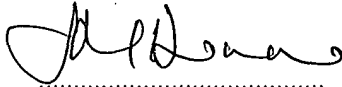
The academy trust and its Trustees do not act as the custodian trustee of any other charity.

**Auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 03/12/19 and signed on its behalf by:



J Dunne  
Trustee

## **DORCHESTER MIDDLE SCHOOL**

### **GOVERNANCE STATEMENT**

---

#### **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 C Dearden, 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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
J Adams	5	5
P Bailey	3	5
C Dearden	4	5
J Dunne	5	5
J Fairless	3	4
A Gallaher (Hardie)	2	2
P Knell	1	2
S Legg	4	5
B Martin	2	2
M Reed	4	5
N Ullah (Bousfield)	3	5
L Upchurch	4	5
S Wood	5	5

#### **Governance reviews**

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 2017/18, the board structure was amended 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 suitable candidates, having targeted a need for Environment and Health and Safety Skills.

In 2018/19 there were only 5 Full Governing Body meetings due to an Ofsted inspection. However, the governors met with inspectors during this period.

**DORCHESTER MIDDLE SCHOOL**  
**GOVERNANCE STATEMENT (CONTINUED)**

---

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to provide guidance and assistance to the Headteacher and the governing body in all matters relating to the budgeting and finance.

The Chair has regular meetings with Finance staff to discuss a relevant range of issues. Monthly reports, which include cash-flow information, are circulated to Committee members.

In 2018/19, it was particularly concerned with embedding the financial implications of the restructure, and in 2019/2020 will continue to be very much involved with the need to seek future savings within the budget. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
P Bailey	5	5
C Dearden	5	5
J Dunne	4	5
A Gallaher (Hardie)	4	5
P Knell	2	2
M Reed	2	5
N Ullah (Bousfield)	4	5
L Upchurch	4	5

**Effective oversight of funds**

The board maintained effective oversight of the funds with fewer than the recommended six meeting a year by having a finance sub-committee that meets throughout the year.

**Review of value for money**

As accounting officer the member 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:

- Monthly budget monitoring reports are produced by the Finance Director which results in action being taken to address any significant variances that may have arisen and that are likely to have a negative impact on the budget out-turn.
- The Academy ensures that surplus cash balances are invested in interest bearing accounts to maximise interest earning potential
- The Academy's biggest expense continues to be staffing costs. Staffing structures are continually reviewed to ensure that they are fit for purpose and can adapt and respond to support the successful attainment of the objectives within the Academy development plan.
- Individual budget holders are held accountable for the use of their budgets, and are helped by an experienced finance team in sourcing best value. Departmental and curriculum allocations are allocated to specifically meet day to day needs, thus ensuring that significant expenditure remains within the control of senior management.
- Competitive tendering to reduce costs i.e. grounds maintenance and broadband

**DORCHESTER MIDDLE SCHOOL**  
**GOVERNANCE STATEMENT (CONTINUED)**

---

**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 ongoing 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 ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the academy 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**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 of risks.

The Board of Trustees has considered the need for a specific internal audit function and South West Audit Partnership (SWAP) has carried out this function in the past. Future arrangements are under consideration as the previous programme was not deemed cost effective or useful.

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 have been discussed and a programme devised.

There were no material control or other issues reported by the Responsible Officer to date.

**DORCHESTER MIDDLE SCHOOL**  
**GOVERNANCE STATEMENT (CONTINUED)**

---

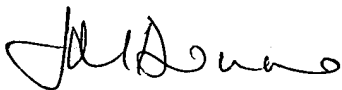
**Review of effectiveness**

As Accounting Officer, C Dearden has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

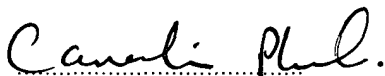
- the work of the internal auditor ;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 03/12/19 and signed on its behalf by:



J Dunne  
Trustee



C Pluck  
Acting accounting officer



**DORCHESTER MIDDLE SCHOOL**

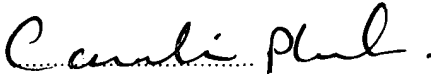
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of Dorchester Middle School I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2018.

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 2018.

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



C Pluck  
Acting accounting officer

Date: 03/12/19

**DORCHESTER MIDDLE SCHOOL**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

---

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 on 03/12/19 and signed on its behalf by:



.....  
J Dunne  
Trustee

## **DORCHESTER MIDDLE SCHOOL**

### **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF DORCHESTER MIDDLE SCHOOL**

---

#### **Opinion**

We have audited the financial statements of Dorchester Middle School (the 'Academy') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2018 to 2019.

#### **Basis for opinion**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that act. 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 Academy 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 Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **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.

## **DORCHESTER MIDDLE SCHOOL**

### **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF DORCHESTER MIDDLE SCHOOL (CONTINUED)**

---

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

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

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

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 16], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

**DORCHESTER MIDDLE SCHOOL**

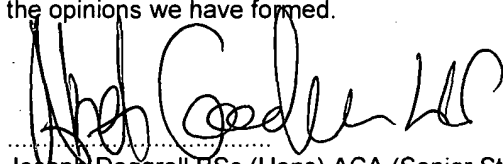
**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DORCHESTER MIDDLE SCHOOL (CONTINUED)**

---

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 auditor's report.

**Use of our report**

This report is made solely to the Academy's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's trustees 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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Joseph Doggrell BSc (Hons) ACA (Senior Statutory Auditor)  
For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House  
Blackbrook Park Avenue  
Taunton  
Somerset  
TA1 2PX

Date: .....

9/12/2019

## **DORCHESTER MIDDLE SCHOOL**

### **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO DORCHESTER MIDDLE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

---

In accordance with the terms of our engagement letter and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Dorchester Middle School during the year to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Dorchester Middle School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Dorchester Middle School and the 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 the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Board of Trustees' funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**DORCHESTER MIDDLE SCHOOL**

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO DORCHESTER  
MIDDLE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

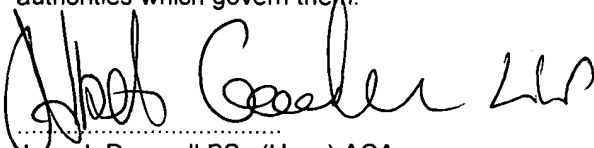
---

The work undertaken to draw to our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2018);
- A review of the governance policies and procedures with specific consideration of 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 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 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Joseph Doggrell BSc (Hons) ACA

For and on behalf of Albert Goodman LLP, Chartered Accountants

Goodwood House  
Blackbrook Park Avenue  
Taunton  
Somerset  
TA1 2PX

Date: 9/12/2019

**DORCHESTER MIDDLE SCHOOL**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019**

**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018/19 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	17,489	5,240	40,384	63,113
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,896,772	-	2,896,772
Other trading activities	4	93,110	18,341	-	111,451
Investments	5	900	-	-	900
Total		111,499	2,920,353	40,384	3,072,236
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	103,211	2,829,502	288,675	3,221,388
Net income/(expenditure)		8,288	90,851	(248,291)	(149,152)
Transfers between funds		(30,739)	(1,155)	31,894	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	20	-	(255,000)	-	(255,000)
Net movement in deficit		(22,451)	(165,304)	(216,397)	(404,152)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2018		67,837	(1,450,390)	8,064,598	6,682,045
Total funds/(deficit) carried forward at 31 August 2019		45,386	(1,615,694)	7,848,201	6,277,893



**DORCHESTER MIDDLE SCHOOL**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018**

**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	27,983	-	12,668	40,651
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,751,425	-	2,751,425
Other trading activities	4	84,271	-	-	84,271
Investments	5	381	-	-	381
Total		112,635	2,751,425	12,668	2,876,728
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	129,283	2,878,785	285,804	3,293,872
Net expenditure		(16,648)	(127,360)	(273,136)	(417,144)
Transfers between funds		(36,259)	(27,577)	63,836	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	20	-	307,000	-	307,000
Net movement in (deficit)/funds		(52,907)	152,063	(209,300)	(110,144)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2017		120,744	(1,602,453)	8,273,898	6,792,189
Total funds/(deficit) carried forward at 31 August 2018		67,837	(1,450,390)	8,064,598	6,682,045

**DORCHESTER MIDDLE SCHOOL**  
**(REGISTRATION NUMBER: 08059041)**  
**BALANCE SHEET AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	7,818,754	8,095,337
<b>Current assets</b>			
Debtors	12	55,929	43,612
Cash at bank and in hand		<u>497,421</u>	<u>248,892</u>
		553,350	292,504
Creditors: Amounts falling due within one year	13	<u>(91,211)</u>	<u>(138,796)</u>
Net current assets		<u>462,139</u>	<u>153,708</u>
Total assets less current liabilities		<u>8,280,893</u>	<u>8,249,045</u>
Net assets excluding pension liability		8,280,893	8,249,045
Pension scheme liability	20	<u>(2,003,000)</u>	<u>(1,567,000)</u>
Net assets including pension liability		<u><u>6,277,893</u></u>	<u><u>6,682,045</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		(1,615,694)	(1,450,390)
Restricted fixed asset fund		<u>7,848,201</u>	<u>8,064,598</u>
		6,232,507	6,614,208
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>45,386</u>	<u>67,837</u>
Total funds		<u><u>6,277,893</u></u>	<u><u>6,682,045</u></u>

The financial statements on pages 22 to 44 were approved by the Trustees, and authorised for issue on 03/12/19 and signed on their behalf by:



J Dunne  
Trustee

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

---

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	16	259,721	36,927
Cash flows from investing activities	17	<u>(11,192)</u>	<u>(39,866)</u>
Change in cash and cash equivalents in the year		248,529	(2,939)
Cash and cash equivalents at 1 September		<u>248,892</u>	<u>251,831</u>
Cash and cash equivalents at 31 August	18	<u><u>497,421</u></u>	<u><u>248,892</u></u>

## **1 Accounting policies**

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

### **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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

### **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.

### **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 Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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 spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

---

**1 Accounting policies (continued)**

***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 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.

***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 costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

***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.

## **DORCHESTER MIDDLE SCHOOL**

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

#### **(CONTINUED)**

---

#### **1 Accounting policies (continued)**

##### ***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.

##### **Tangible fixed assets**

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 the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a [straight-line/reducing balance] basis over its expected useful life, per the table below. Where an asset comprises of two or more components which have substantially different useful lives, each component is depreciated separately over its useful economic life.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Long-term leasehold property	Straight line basis over 125 years
Fixtures and fittings	25% on reducing balance
Computer equipment	33% straight line

##### **Leased assets**

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

##### **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 payments for the goods or services it must provide.

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

---

**1 Accounting policies (continued)**

***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.

***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.

***Pension 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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 recognised gains and losses.

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

---

**1 Accounting policies (continued)**

**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 Department for Education Group.

**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 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

**2 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
Other donations	17,489	5,240	-	22,729	27,983
Devolved formula capital grant	-	-	40,384	40,384	12,668
	<u>17,489</u>	<u>5,240</u>	<u>40,384</u>	<u>63,113</u>	<u>40,651</u>

**3 Funding for the Academy Trust's educational operations**

	Restricted funds £	2018/19 Total £	2017/18 Total £
<b>DfE/ESFA revenue grants</b>			
General Annual Grant (GAG)	2,579,773	2,579,773	2,516,144
Other DfE/ESFA grants	<u>173,084</u>	<u>173,084</u>	<u>174,535</u>
	2,752,857	2,752,857	2,690,679
<b>Other government grants</b>			
Other government grants	<u>143,915</u>	<u>143,915</u>	<u>60,746</u>
Total grants	<u>2,896,772</u>	<u>2,896,772</u>	<u>2,751,425</u>

**4 Other trading activities**

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Educational trips and activities	74,395	-	74,395	42,632
Other income	<u>18,715</u>	<u>18,341</u>	<u>37,056</u>	<u>41,639</u>
	<u>93,110</u>	<u>18,341</u>	<u>111,451</u>	<u>84,271</u>

**5 Investment income**

	Unrestricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	<u>900</u>	<u>900</u>	<u>381</u>

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

**6 Expenditure**

	Non Pay Expenditure			2019 Total £	2018 Total £
	Staff costs £	Premises £	Other costs £		
<b>Academy's educational operations</b>					
Direct costs	2,213,258	-	192,780	2,406,038	2,411,020
Allocated support costs	299,459	421,730	94,161	815,350	882,852
	<u>2,512,717</u>	<u>421,730</u>	<u>286,941</u>	<u>3,221,388</u>	<u>3,293,872</u>
<b>Net income/(expenditure) for the year includes:</b>					
				<b>2018/19 £</b>	<b>2017/18 £</b>
Depreciation				288,675	285,804
Fees payable to auditor - audit				6,300	6,150
- other audit services				<u>1,500</u>	<u>2,000</u>

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

**7 Charitable activities**

		<b>2018/19</b>	<b>2017/18</b>
		<b>£</b>	<b>£</b>
Direct costs - educational operations		2,406,038	2,411,020
Support costs - educational operations		815,350	882,852
		<u>3,221,388</u>	<u>3,293,872</u>
	<b>Educational operations</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
<b>Analysis of direct costs</b>			
Teaching and educational support staff costs	2,213,258	2,213,258	2,221,556
Educational supplies	90,177	90,177	101,763
Staff development	4,719	4,719	3,700
Other direct costs	97,884	97,884	84,001
Total direct costs	<u>2,406,038</u>	<u>2,406,038</u>	<u>2,411,020</u>
	<b>Educational operations</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
<b>Analysis of support costs</b>			
Support staff costs	299,459	299,459	360,254
Depreciation	288,675	288,675	285,804
Maintenance of premises and equipment	133,055	133,055	134,748
Technology costs	8,075	8,075	11,709
Other support costs	86,086	86,086	90,337
Total support costs	<u>815,350</u>	<u>815,350</u>	<u>882,852</u>

**DORCHESTER MIDDLE SCHOOL****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****8 Staff****Staff costs**

	2018/19 £	2017/18 £
<b>Staff costs during the year were:</b>		
Wages and salaries	1,813,811	1,844,688
Social security costs	166,691	168,967
Operating costs of defined benefit pension schemes	475,896	467,239
	<u>2,456,398</u>	<u>2,480,894</u>
Supply staff costs	56,319	83,554
Staff restructuring costs	-	17,362
	<u>2,512,717</u>	<u>2,581,810</u>
	<b>2019 £</b>	<b>2018 £</b>

**Staff restructuring costs comprise:**

Redundancy payments	-	10,362
Other restructuring costs	-	7,000
	<u>-</u>	<u>17,362</u>

**Staff numbers**

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

	2019 No	2018 No
<b>Charitable Activities</b>		
Teachers	32	35
Administration and support	38	40
Management	5	4
	<u>75</u>	<u>79</u>

**Higher paid staff**

The number of employees whose emoluments exceeded £60,000 was:

	2019 No	2018 No
£70,001 - £80,000	<u>1</u>	<u>1</u>

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

---

**8 Staff (continued)**

**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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £220,838 (2018: £275,950).

**9 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from 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: £75,000 - £80,000 (2018 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2018 - £10,000 - £15,000)

S Wood (Staff trustee):

Remuneration: £25,000 - £30,000 (2018 - £20,000 - £25,000)

Employer's pension contributions: £0 - £5,000 (2018 - £0 - £5,000)

During the year ended 31 August 2019, travel and subsistence expenses totalling £Nil (2018 - £Nil) were reimbursed or paid directly to 0 trustees (2018 - 0).

Other related party transactions involving the trustees are set out in note 21.

**10 Trustees' and officers' insurance**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

**11 Tangible fixed assets**

	Leasehold land and buildings £	Furniture and equipment £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 September 2018	9,283,892	106,318	269,943	9,660,153
Additions	-	1,155	10,937	12,092
At 31 August 2019	<u>9,283,892</u>	<u>107,473</u>	<u>280,880</u>	<u>9,672,245</u>
<b>Depreciation</b>				
At 1 September 2018	1,245,338	80,093	239,385	1,564,816
Charge for the year	<u>262,204</u>	<u>6,845</u>	<u>19,626</u>	<u>288,675</u>
At 31 August 2019	<u>1,507,542</u>	<u>86,938</u>	<u>259,011</u>	<u>1,853,491</u>
<b>Net book value</b>				
At 31 August 2017 31 August 2018	<u>8,038,554</u>	<u>26,225</u>	<u>30,558</u>	<u>8,095,337</u>
At 31 August 2019	<u>7,776,350</u>	<u>20,535</u>	<u>21,869</u>	<u>7,818,754</u>

**12 Debtors**

	2019 £	2018 £
Trade debtors	2,218	4,168
VAT recoverable	15,178	2,153
Other debtors	104	104
Prepayments and accrued income	<u>38,429</u>	<u>37,187</u>
	<u>55,929</u>	<u>43,612</u>

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

	2019 £	2018 £
Trade creditors	5,232	18,183
Loans	-	30,739
Other creditors	76,215	78,986
Accruals and deferred income	<u>9,764</u>	<u>10,888</u>
	<u>91,211</u>	<u>138,796</u>

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

**14 Funds**

	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	116,610	2,579,773	(2,386,451)	(1,155)	308,777
Other DfE/ESFA grants	-	173,084	(173,084)	-	-
Other local authority grants	-	143,915	(65,386)	-	78,529
Other restricted funds	-	23,581	(23,581)	-	-
Pension reserve	<u>(1,567,000)</u>	<u>-</u>	<u>(181,000)</u>	<u>(255,000)</u>	<u>(2,003,000)</u>
	<u>(1,450,390)</u>	<u>2,920,353</u>	<u>(2,829,502)</u>	<u>(256,155)</u>	<u>(1,615,694)</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	8,013,448	-	(284,738)	30,739	7,759,449
Capital expenditure from other restricted funds	<u>51,150</u>	<u>40,384</u>	<u>(3,937)</u>	<u>1,155</u>	<u>88,752</u>
	<u>8,064,598</u>	<u>40,384</u>	<u>(288,675)</u>	<u>31,894</u>	<u>7,848,201</u>
Total restricted funds	6,614,208	2,960,737	(3,118,177)	(224,261)	6,232,507
<b>Unrestricted funds</b>					
General	<u>67,837</u>	<u>111,499</u>	<u>(103,211)</u>	<u>(30,739)</u>	<u>45,386</u>
Total funds	<u>6,682,045</u>	<u>3,072,236</u>	<u>(3,221,388)</u>	<u>(255,000)</u>	<u>6,277,893</u>

**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

**14 Funds (continued)**

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

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	108,547	2,516,144	(2,480,504)	(27,577)	116,610
Other DfE/ESFA grants	-	174,535	(174,535)	-	-
Other Local Authority Grant	-	60,746	(60,746)	-	-
Pension reserve	(1,711,000)	-	(163,000)	307,000	(1,567,000)
	<u>(1,602,453)</u>	<u>2,751,425</u>	<u>(2,878,785)</u>	<u>279,423</u>	<u>(1,450,390)</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	8,247,331	-	(270,142)	36,259	8,013,448
Capital expenditure from other restricted funds	<u>26,567</u>	<u>12,668</u>	<u>(15,662)</u>	<u>27,577</u>	<u>51,150</u>
	<u>8,273,898</u>	<u>12,668</u>	<u>(285,804)</u>	<u>63,836</u>	<u>8,064,598</u>
Total restricted funds	6,671,445	2,764,093	(3,164,589)	343,259	6,614,208
<b>Unrestricted funds</b>					
General	<u>120,744</u>	<u>112,635</u>	<u>(129,283)</u>	<u>(36,259)</u>	<u>67,837</u>
Total funds	<u>6,792,189</u>	<u>2,876,728</u>	<u>(3,293,872)</u>	<u>307,000</u>	<u>6,682,045</u>



**DORCHESTER MIDDLE SCHOOL**

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

**(CONTINUED)**

---

**14 Funds (continued)**

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 2019.

Other DfE/ESFA grants – Grants from the Education and Skills Funding Agency to support PE activities and pupils from low income families and provide universal infant free school meals.

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.

**DORCHESTER MIDDLE SCHOOL****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****15 Analysis of net assets between funds**

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	7,818,754	7,818,754
Current assets	45,386	478,517	29,447	553,350
Current liabilities	-	(91,211)	-	(91,211)
Pension scheme liability	-	(2,003,000)	-	(2,003,000)
Total net assets	<u>45,386</u>	<u>(1,615,694)</u>	<u>7,848,201</u>	<u>6,277,893</u>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	8,095,337	8,095,337
Current assets	67,837	224,667	-	292,504
Current liabilities	-	(108,057)	(30,739)	(138,796)
Pension scheme liability	-	(1,567,000)	-	(1,567,000)
Total net assets	<u>67,837</u>	<u>(1,450,390)</u>	<u>8,064,598</u>	<u>6,682,045</u>

**16 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities**

	2019 £	2018 £
Net expenditure	(149,152)	(417,144)
Depreciation	288,675	285,804
Interest receivable	(900)	(381)
Defined benefit pension scheme cost less contributions payable	181,000	163,000
(Increase)/decrease in debtors	(12,317)	32,036
Decrease in creditors	<u>(47,585)</u>	<u>(26,388)</u>
Net cash provided by Operating Activities	<u>259,721</u>	<u>36,927</u>

**DORCHESTER MIDDLE SCHOOL****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****17 Cash flows from investing activities**

	2019	2018
	£	£
Dividends, interest and rents from investments	900	381
Purchase of tangible fixed assets	(12,092)	(40,247)
Capital grants from DfE Group	40,384	12,668
Net cash provided by/(used in) investing activities	29,192	(27,198)

**18 Analysis of cash and cash equivalents**

	2019	2018
	£	£
Cash at bank and in hand	497,421	248,892
Total cash and cash equivalents	497,421	248,892

**19 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.

**20 Pension 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.

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

Contributions amounting to £36,038 were payable to the schemes at 31 August 2019 (2018: £37,684) and are included within creditors.

**Teachers' Pension Scheme**

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

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

## **DORCHESTER MIDDLE SCHOOL**

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

#### **(CONTINUED)**

---

## **20 Pension and similar obligations (continued)**

### **Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £204,000 (2018: £220,000).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2019 was £119,000 (2018 - £110,000), of which employer's contributions totalled £91,000 (2018 - £84,000) and employees' contributions totalled £28,000 (2018 - £26,000). 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**DORCHESTER MIDDLE SCHOOL****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****20 Pension and similar obligations (continued)****Principal actuarial assumptions**

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.90	2.70
Inflation assumptions (CPI)	2.20	2.30
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</u>

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

	<b>2019</b>	<b>2018</b>
<b>Retiring today</b>		
Males retiring today	22.90	24.00
Females retiring today	24.80	25.20
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.60	26.30
Females retiring in 20 years	<u>26.60</u>	<u>27.50</u>

**Sensitivity analysis**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Discount rate +0.1%	3,412,000.00	2,762,000.00
Discount rate -0.1%	3,580,000.00	2,898,000.00
Mortality assumption – 1 year increase	3,620,000.00	2,925,000.00
Mortality assumption – 1 year decrease	<u>3,374,000.00</u>	<u>2,737,000.00</u>

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Equities	762,000	689,000
Gilts	195,000	158,000
Corporate bonds	106,000	87,000
Property	156,000	128,000
Cash and other liquid assets	39,000	12,000
Investment funds	87,000	76,000
Other	<u>147,000</u>	<u>112,000</u>
Total market value of assets	<u>1,492,000</u>	<u>1,262,000</u>

The actual return on scheme assets was £113,000 (2018 - £27,000).

**DORCHESTER MIDDLE SCHOOL****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****(CONTINUED)****20 Pension and similar obligations (continued)****Amounts recognised in the statement of financial activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current service cost	(231,000)	(203,000)
Interest cost	(40,000)	(43,000)
Admin expenses	(1,000)	(1,000)
Total amount recognized in the SOFA	<u>(272,000)</u>	<u>(247,000)</u>

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At start of period	2,829,000	2,857,000
Current service cost	192,000	203,000
Interest cost	75,000	74,000
Actuarial (gain)/loss	333,000	(311,000)
Benefits paid	(1,000)	(20,000)
Past service cost	39,000	-
Unfunded pension payments	<u>28,000</u>	<u>26,000</u>
At 31 August	<u>3,495,000</u>	<u>2,829,000</u>

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At start of period	1,262,000	1,146,000
Interest income	35,000	31,000
Actuarial gain/(loss)	78,000	(4,000)
Employer contributions	91,000	84,000
Employee contributions	28,000	26,000
Benefits paid	(1,000)	(20,000)
Effect of non-routine settlements	<u>(1,000)</u>	<u>(1,000)</u>
At 31 August	<u>1,492,000</u>	<u>1,262,000</u>

**21 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.