

# South Dartmoor Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017

Registration number: 07561204

WEDNESDAY



\*A6XUK3HV\*

A19

17/01/2018

#175

COMPANIES HOUSE

# **South Dartmoor Academy**

## **Contents**

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 14
Governance Statement	15 to 19
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditor's Report on the Financial Statements	22 to 24
Independent Reporting Accountant's Report on Regularity	25 to 26
Statement of Financial Activities incorporating Income and Expenditure Account	27 to 28
Balance Sheet	29
Statement of Cash Flows	30
Notes to the Financial Statements	31 to 55

# South Dartmoor Academy

## Reference and Administrative Details

<b>Members</b>	G Cock (appointed 6 December 2017) I Goodwin (resigned 6 December 2017) T Hassell (resigned 14 December 2016) P McCormick (appointed 14 December 2016) J Morgan, Chair (appointed 6 December 2017) J Searson (representing EDEN)
<b>Trustees (Directors)</b>	H Bellamy, Secondary Executive Principal P Brown (appointed 6 February 2017) G Cock, Chair D Course (appointed 7 September 2016) C Elliott (appointed 22 May 2017) A Faulkner (appointed 7 September 2016) B Garland N Gore M Hibbs (resigned 21 April 2017) V Hodges (resigned 10 October 2016) S Khan, Vice Chair N Merrison (resigned 14 December 2016) F Robertson (resigned 10 October 2016) R Shaw, Primary Executive Principal
<b>Senior Management Team</b>	H Bellamy (Secondary Phase), CEO and Executive Principal R Shaw (Primary Phase), Executive Principal P Collins (South Dartmoor Community College), Head of School K Matthews (South Dartmoor Community College), Deputy Principal M Messias (The Atrium Studio), Principal L Lee-Gammage (Ashburton Primary School), Primary Head teacher R Arundell (Buckfastleigh Primary School), Primary Head teacher T Docking (Ilsington C of E Primary School), Primary Head of school W Bentall (Moretonhampstead Primary School), Primary Head teacher D Stokes (Widcombe-in-the-Moor Primary School), Primary Head of school
<b>Principal and Registered Office</b>	South Dartmoor Community College Balland Lane Ashburton Devon TQ13 7EW

## **South Dartmoor Academy**

### **Reference and Administrative Details (continued)**

**Company** 07561204  
**Registration Number**

**Independent Auditors** PKF Francis Clark  
Chartered Accountants and Statutory Auditor  
Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
TQ2 7FF

**Bankers** Lloyds Bank plc  
31 Fore Street  
Totnes  
TQ9 5HH

**Solicitors** Browne Jacobson LLP  
1 Manor Court  
Dix's Field  
Exeter  
EX1 1UP

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The multi-academy trust comprises of two secondary schools; South Dartmoor Community College and The Atrium Studio, and five primary schools: Ashburton Primary School, Buckfastleigh Primary School, Ilsington Church of England Primary School, Moretonhampstead Primary School and Widecombe-in-the-Moor Primary School.

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

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

The multi-academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi-academy trust. The Trustees of South Dartmoor Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Dartmoor Academy.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

##### ***Members' liability***

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

##### ***Trustees' indemnities***

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy Trust also purchased and maintained liability insurance for its Trustees. The limit of this indemnity is £5,000,000.

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

Key Management Personnel comprise the Senior Management Team, as disclosed on page 1 and are defined as those with authority and responsibility for planning, directing and controlling the activities of the academy, either directly or indirectly. Pay and remuneration is performance related, set together with Trustees (who are not also employees) and independent improvement partners.

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### ***Method of recruitment and appointment or election of Trustees***

The Members may appoint a minimum of three and maximum of 13 Trustees. This may include up to four Staff Trustees and a minimum of two Parent Trustees, the CEO (Executive Principal, Secondary Phase) and the Executive Principal (Primary Phase). The Staff Trustees may be appointed through such processes which the Members determine, provided that the total number of Trustees (including the CEO and Executive Principal's) who are employees of the multi-academy trust does not exceed one third of the total number of Trustees.

Parent Trustees are elected by parents of registered pupils at the academy; a Parent Trustee must be a parent of a pupil at the academy at the time when he is elected. Any election of Parent Trustees which is contested is held by secret ballot. The number of Parent Trustees required is made up by Parent Governors appointed by the Local Governing Body.

In relation to Ilsington Church of England Primary School, there are also three Foundation Trustees appointed by the Foundation Member, John Searson (representing EDEN).

Trustees may appoint up to three Co-opted Trustees. A "co-opted Trustee" means a person who is appointed to be a Trustee by being co-opted by Trustees who have not been so appointed.

Election of the Chair and Vice Chair of Trustees is held annually. Trustees nominate before or at the election meeting, and election is conducted by a show of hands where there is one candidate. In the event of a tie, each candidate is given the opportunity to speak to the Trustees about their nomination and a further vote will be taken.

#### ***Policies and procedures adopted for the induction and training of Trustees***

All new Trustees are assigned an experienced Trustee mentor to assist them in taking on new responsibilities, and are required to attend new Trustee training courses as appropriate.

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### ***Organisational structure***

The structure consists of three levels: the Members, the Board of Trustees and the Senior Management Team.

The Members of the multi-academy trust comprise the signatories of the Memorandum. The Members oversee the governance arrangements of the multi-academy trust and have the power to appoint or remove Trustees, and amend the articles as may be required.

The Board of Trustees meet at least three times a year and will hold an AGM annually. The Board of Trustees has responsibility for policy development and the strategic direction of the multi-academy trust, ensuring sound management and administration, including monitoring the performance and the achievement of the multi-academy trust's strategic objectives and activities.

There is currently one sub-committee of the Board of Trustees. This is the HR and Finance Committee, which was merged from the Finance Committee and the Human Resources Committee during the year.

The Senior Management team comprises the CEO, Executive Principal, Principal, secondary Head of School, two Primary Head of Schools, Deputy Principal and three Primary Head Teachers. The Leadership Team includes a further fifteen Assistant Principals across the multi-academy trust. The SMT and the Leadership Team meet on a weekly basis and have responsibility for the following key areas: Quality Assurance; Teaching and Learning; Initial Teacher Training and CPD; Pastoral Care and Student Achievement; Curriculum; Director of Specialism; SEN Co-ordinator; Data and Tracking; Health and Safety; Safeguarding and Head of Sixth Form.

In accordance with the Academies Financial Handbook the Trustees have appointed the CEO as the Accounting Officer. The Head of Finance has been appointed as the Chief Finance Officer with responsibility for the Financial Management across the multi-academy trust, alongside a team of staff who oversee Premises Management, Catering Provision, Personnel Services and Legal Services.

#### ***Related parties and other connected charities and organisations***

South Dartmoor Academy works with connected Friends' charities in order to assist the Primary Schools with various fundraising and improvement projects.

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### **Objectives and activities**

##### ***Objects and aims***

The prime purpose of the South Dartmoor Multi-Academy Trust is to provide education for each of the 2 - 19 year olds in its charge. Currently there are approx. 2,200 pupils across the seven schools who are supported by over 300 professional and support staff.

The South Dartmoor Academy "Company" exists specifically, according to its Articles of Association:

a) 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 schools offering a broad and balanced curriculum;

b) in relation to Ilsington 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 and developing a school with a designated Church of England religious character offering a broad and balanced curriculum to be conducted in accordance with the principles practices and tenets of the Church of England both generally and in particular in relation to arranging for religious and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education; and

c) in relation to the Academy at South Dartmoor Community College, to provide facilities for recreation or other leisure time occupation for the public at large in the interests of social welfare and with the object of improving their conditions of life.

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### ***Objectives, strategies and activities***

The main objective for the 2016-17 academic year remained as previously; for the seven schools to further develop their collaborative working approach. This has been seen to be successful both in terms of academic achievements, but also in the ease of transition from Primary to Secondary schooling, as consistently reported by parents of children entering Year 7 at South Dartmoor Community College.

The Multi-Academy Trust has four key strategy drivers on which to continually develop:

- a high quality curriculum and pedagogy from 2-19;
- adoption of an early intervention model to support pupils who are failing to make expected progress;
- an efficient back office facility that allows economies of scale to benefit the individual schools; and
- to allow the school leaders to focus upon pupil progress, deliver equal access to high quality extra-curricular opportunities across all of the schools.

Each school further aims to help young people to develop their physical, academic, spiritual and moral inquisitiveness to "build their learning power". This helps young people become better learners and encourages them to develop their portable learning power and prepare for a lifetime of learning.

Through Building Learning Power we seek to provide a coherent picture of what it takes to be a good learner by capitalising on previous learning-to-learn ideas. We encourage students to grow their learning character and habits. Teachers help students to develop their appetite and ability to learn in different ways. We seek to transform the culture of the classroom and the climate of the school so that the responsibility for learning to learn shifts from the teacher to the learner. This engages teachers and students creatively as researchers in learning.

All of the schools have well developed assessment and monitoring processes to ensure that the students are making appropriate progress through challenging target-setting. In conjunction with this, extensive out of school activities are offered with an increasing range in the Secondary phase due in part to the economies of scale.

#### ***Public benefit***

The Multi-Academy Trust provides excellent educational services to all children in the local area and beyond. 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. This includes sharing Teaching and Learning practices across its individual schools.

In addition, South Dartmoor Academy operates the Ashmoor Sports and Leisure complex, providing health and fitness expertise, as well as the South Brent gym, which are both available for community use on a paid for basis.

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

South Dartmoor Academy has had another successful year across each of the schools. External comparative assessments show that they are all performing well in the national context. In recent academic years there have been record level results at South Dartmoor Community College and it is recognised by everyone that this is a result of consistently good teaching and learning from early years, through the primary phase and continued into the secondary school in the multi-academy trust.

In addition to South Dartmoor Community College's last Section 5 Ofsted inspection where an overall rating of "good", with behaviour of pupils and quality of leadership both being graded as outstanding, a subsequent Section 8 inspection was carried out during the previous year specifically focusing the effectiveness of safeguarding and related aspects of the effectiveness of leadership and management. The findings supporting the College's self-evaluation which included the exemplary work and impact around pupils' safety, caring ethos, impeccable behaviour and philosophy of continuous improvement.

South Dartmoor Community College recorded particularly strong results at A-level. The ALPS analysis places South Dartmoor Community College Sixth Form in the highest 20% of schools nationally for value added at A-level. The College also recorded strong results at GCSE with a Progress 8 score that is in line with other schools nationally and better than other local schools. The core subjects of English performed well in the first year of the new 1-9 grades, with 80% and 65% of students achieving a standard and strong pass respectively.

There continues to be outstanding sporting performances from individual students at South Dartmoor Community College as a result of consistent support and encouragement across both their Primary and Secondary phases. The Boys under-15 cricketers won the national title and the College won the six age group county finals at cricket. The wider sports academy section is developing well with the provision of a high quality golf facility by our valued supporters E & JW Glendinning Ltd and includes basketball, rugby and cricket.

A large number of young people across the schools have also had the opportunity, and have achieved high levels of performance for their ages, in a wide range of music and cultural performances including the College Opera.

The Atrium Studio School continues to achieve a great deal of success in spite of only opening its doors in September 2015. At the 'Big Bang' awards in the Spring term, which focuses on excellence in STEM projects, Atrium students won three awards: the UK Scientists & Engineers competition sponsored by the National Citizen Service; the Enterprising Young Devon award sponsored by Devon County Council; and the South West Young Engineers of 2017 award, sponsored by Babcock.

Further success followed as four students won the Shell sponsored 'Bright Ideas Challenge' competition for their 'Sustainable Toilet Block Project', and won a top of the range tablet each along with £1,500 for the school!

Students continue to enjoy regular and meaningful work experiences in the Built Environment and Creative Industries sectors. We are fortunate to have built up a significant number of industry partners who support our students to gain valuable insight and opportunities to prepare them for their future careers.

## South Dartmoor Academy

### Trustees' Report for the Year Ended 31 August 2017 (continued)

#### Strategic Report

Whilst we look forward to our first set of external GCSE exam results in the summer, our small cohort of sixth form students achieved a 100% pass rate at A-level. All of our Year 13 students successfully transitioned onto University courses or into full-time work. Currently unvalidated data indicates a VA+ score of +0.29, which in 2016 would place Atrium in the top 10% nationally for progress. The currently unverified A level average grade is B-.

Students have access to the full Academy IAG programme, including annual 'Futures Day'; careers fair; comprehensive career advice; access to 'Careers South West'; and the 'Rise' programme for academically aspirational students.

We have had a strong focus on developing leadership across the primary schools this year which included running very successful CPD events and also training our local governors on how to monitor school effectiveness through learning walks. We have also had a number of Ofsted inspections with Ashburton, Ilsington C of E, Moretonhampstead and Widecombe-in-the-Moor all being visited and graded as good. The school leaders have all supported each other through the Ofsted inspections and it has been a useful tool for not only confirming that our judgements about the quality of teaching and learning in our schools are secure, but also in sharing good practice and identifying our next stages of development.

All of the primary schools have offered extensive outdoor learning opportunities this year which have enhanced the curriculum and proved very popular with the children and their families. We have some well-developed forest school sites across the primary settings and skilled forest school leaders. We have also seen participation in sport continue to grow with all 5 primary schools actively taking part in a wide range of both competitive and non-competitive sports as part of the Dartmoor School Sports Partnership.

School performance at the end of KS2 was as follows with Buckfastleigh Primary having a significant improvement over last year's results:

KS2 Results	Reading	Writing	Grammar	Maths	R, W. & M	Reading Average scaled score	Maths Average scaled score
National	71%	76%	77%	75%	61%	104.1	104.2
Ashburton	66%	59%	59%	55%	52%	104	102.5
Buckfastleigh	84%	68%	81%	81%	61%	105	103.5
Ilsington C of E	100%	92%	92%	92%	92%	106	105.3
Moretonhampstead	84%	90%	68%	68%	65%	106.1	104.4
Widecombe-in-the-Moor	100%	67%	100%	83%	67%	112.2	108.7

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

Finally, we have been delighted to be able to extend our age range in the primary sector this year by supporting two local preschools who were going to have to close. In February Ilsington C of E Primary opened Woodhouse Preschool to 2, 3 and 4 year olds and it has been wonderful having the younger children in the school and starting to build good relationships with their families. Moretonhampstead Primary have also been able to support their local community and over the Summer Holiday were busy preparing for the opening of their preschool in September 2017 where we will look forward to welcoming new families to the school.

Our teachers and support staff have worked tirelessly this year across the multi-academy trust to ensure the children continue to have access to a broad and exciting range of lessons. We are also fortunate to have almost 50 dedicated and supportive governors and a parent community who volunteer and fundraise continuously to ensure we can provide all of our children with many great experiences throughout their time in school. All of these stakeholders help to ensure that each of our primary schools retain their individual nature whilst benefitting from support we gain by being part of the South Dartmoor Academy. The schools have worked collaboratively together in developing our curriculum and assessment processes. Teachers have benefited from joint staff training that have enabled them to share good practice across our varied school sites and we have had a common theme of continuing to develop independent and confident learners.

Full details of the school performance can be found on the respective websites of the schools within the multi-academy trust.

#### ***Key performance indicators***

The key performance indicators for the multi-academy trust are student performance and attainment levels which are monitored by the Senior Management Team, as well as Ofsted inspections and attendance. Financial performance is primarily monitored by adherence to the annual budget. This continues to be challenging, however time invested in continual cost reduction and saving initiatives is ensuring that a balanced budget is met going forward.

#### ***Going concern***

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the multi-academy trust has adequate resources to continue in operational existence for the foreseeable future. The Trustees set and managed a balanced budget for the year ended 31 August 2017, and have set a balanced budget for the year ended 31 August 2018. Work is already underway on budgets for the year ended 31 August 2019. Cash flow forecasts have been prepared for the next twelve months and Trustees are satisfied that the multi-academy trust can operate within its existing cash facility. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

##### **Financial review**

The multi-academy trust held fund balances at 31st August 2017 of £19,574,000 comprising £19,551,000 of restricted funds and £23,000 of unrestricted funds. A defined benefit pension reserve deficit of £6,917,000 is included in the restricted funds balance.

In accordance with the Master Funding Agreement, the principal source of funding is the General Annual Grant received from the Education Funding Agency. Other sources include Pupil Premium funding, again from the Education Funding Agency. Funding for our CAIRB facility and Special Educational Needs and Disabilities are both received from Devon Local Authority.

Other sources of income received in the year includes catering income, the Ashmoor Sports Centre hire and membership as well as other invoiced services such as School Sports Partnership.

The cash position across the multi-academy trust has been challenging over the last few years however rigorous cost saving initiatives are being undertaken and reviewed annually. The current year has ended with a deficit of £923,000, however this includes a net £707,000 of Local Government Pension Scheme interest and service costs and £638,000 of depreciation. Excluding these adjustments there is a surplus of £422,000; £109,000 of this is unspent CIF funding, resulting in an adjusted surplus of £313,000. This provides assurance that expenditure continues to be effectively managed against budget. Clean internal audit reports received for the second consecutive year give further assurance around enhanced internal controls, financial processes and robust monitoring which are in place and are operating effectively.

## South Dartmoor Academy

### Trustees' Report for the Year Ended 31 August 2017 (continued)

#### Strategic Report

##### *Reserves policy*

The level of reserves held across the multi-academy trust are as follows:

Restricted funds £19,551,000

Unrestricted funds £23,000

The following reserves are held by the individual schools:

	Reserves	Designated use
Ashburton Primary School	£165,000	To prepare for a reduction in funding as a result of an expected fall in pupil numbers due to low birth rates; also to pay the additional LGPS contributions and the apprenticeship levy.
Buckfastleigh Primary School	£167,000	
Ilington C of E Primary School	£130,000	
Moretonhampstead Primary School	£94,000	
Widecombe-in-the-Moor Primary School	£53,000	
South Dartmoor Community College	(£952,000)	A strong deficit reduction plan continues, to ensure that this position is remedied. This has previously been communicated and shared with the ESFA.
The Atrium Studio	£5,000	

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

##### ***Investment policy***

No investments are held at the year-end and no investments have been entered into during the year

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

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

##### ***Principal risks and uncertainties***

The principal risks and uncertainties to which the multi-academy trust is exposed include changes to government policies affecting funding allocations and related cash flow concerns, variations in numbers on roll as well as reputational risks surrounding the perception of the quality of education affecting parental selection.

Financial risks, as identified in the Academy Risk Register, include budgetary overspend due to poor financial management, overspend on capital projects and improper use of funds, including fraudulent payments to suppliers and/or staff. Following a restructure of the finance department and appointment of a Chief Financial Officer in 2015, budgetary controls are now robust as evidenced by in-year surpluses and clean audit reports received in the current and previous years. Capital spend is monitored closely and additional funding has been identified where required. No fraudulent payments have been identified in the year; controls are robust and operating effectively with a strong drive towards online payments to reduce the amount of cash handled across the multi-academy trust.

Financial instruments across the Academy are largely bank balances, cash and trade creditors with limited trade and other debtors, therefore minimal risks exist. South Dartmoor Academy operates a defined benefit pension scheme of which the deficit is disclosed within note 25.

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

South Dartmoor Academy is delighted to have been successful in its bid for a new special school to be opened in September 2019, located in Newton Abbot. Glendinning House will be entirely focused around pupils that need considerable additional support over and above that which would be accessible in a mainstream environment. To ensure maximum benefit to students this site will be specifically tailored to the students' needs via a new construction (rather than adaptation of the existing site). This will delay the opening of the new school by one year – originally planned to open from September 2018.

Moretonhampstead Primary School has also opened a new Pre-School governor led facility from September 2017, following the success of Woodhouse Pre-School at Ilsington Church of England Primary School which opened from February 2017. Both take children from 2 years of age and have been very successful additions to their respective primary schools, with strong community support.

##### **Employment of disabled persons**

In accordance with the academy's Equal opportunities policy, the academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

##### ***Description of employee consultation***

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings, and have been kept informed on specific matters directly by management. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

## **South Dartmoor Academy**

### **Trustees' Report for the Year Ended 31 August 2017 (continued)**

#### **Strategic Report**

##### **Funds Held as Custodian Trustee on Behalf of Others**

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

##### **Auditor**

In so far 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.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body, as the company directors, on 20/12/17 and signed on its behalf by:



G Cock  
Trustee

# South Dartmoor Academy

## Governance Statement

### Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 South Dartmoor Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 7 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
G Cock	6	7
H Bellamy	6	7
P Brown	5	5
D Course	6	7
C Elliott	3	3
A Faulkner	5	7
B Garland	4	7
N Gore	4	7
M Hibbs	5	5
S Khan	7	7
N Merrison	1	2
R Shaw	6	7

Key challenges during the year have continued to include strict financial management to control and reduce the historic deficit at South Dartmoor Community College. Further to this: an introduction of new teachers and support staff pay and appraisal policies; 4 out of 7 schools in the MAT have had successful OFSTED inspections within 6 months; and the resignation of the CEO has led to important decisions re restructuring. Other challenges include the retention of Members and local governors as well as supporting 3 new Management Partnerships.

### Governance reviews

South Dartmoor Academy has undertaken an annual Governance review during the year. This has included a skills audit and review of the composition of the Board. The next review will take place in 2017/18.

## South Dartmoor Academy

### Governance Statement (continued)

The Finance Committee is a sub-committee of the main Board of Trustees. Its primary purpose is to:

- develop strategic plans and direction on financial issues;
- consider annual indicative funding and assess implications of this in advance of the financial year to which it relates;
- to agree and make recommendations to the Board on the annual budget and planned areas of expenditure;
- to review financial reports (at least quarterly); and
- to review and ensure financial policies and procedures are suitable and are complied with.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
S Khan	6	6
H Bellamy	6	6
G Cock	5	6
D Course	6	6
N Gore	5	6
M Hibbs	4	4
R Shaw	5	6

In addition to the Trustees listed above, the following also attended the meetings of the Finance Committee:

R Chatfield (co-opted)	6	6
S Tse (co-opted)	6	6

The Audit Committee is also a sub-committee of the main Board of Trustees. Its primary purpose is to:

- review the risks to internal financial control and establish a programme of work to address these risks;
- review the effectiveness of the internal control system to ensure that the aims, objectives and key performance targets of the multi-academy trust are achieved;
- ensure compliance with the Academies Financial Handbook.

Attendance at meetings during the year was as follows:

## South Dartmoor Academy

### Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
D Course	3	3
M Hibbs	3	3
S Khan	3	3

In addition to the Trustees listed above, the following also attended the meetings of the Audit Committee:

H Bellamy (invitee)	2	3
R Shaw (invitee)	2	3
S Tse (invitee)	3	3

Following careful consideration in relation to the requirements of the Trust, it has been agreed that the Audit Committee should be disbanded from November 2017.

#### Review of value for money

As accounting officer the Chief Executive Officer 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 Academy 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:

- increased focus around income generation and the collection of income;
- strengthened financial and budgetary controls;
- securing additional funding bids including emergency roof funding, CIF bids and section 106 funds; and
- continued cost reductions through negotiation of contracts and ordering (bulk purchases).

#### 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 South Dartmoor Academy for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the multi-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 multi-academy trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees and a Risk Register is held and maintained centrally.

## **South Dartmoor Academy**

### **Governance Statement (continued)**

#### **The risk and control framework**

The multi-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 has continued with the appointment of Francis Clark LLP as internal auditor for the year ended 31st August 2017.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

- purchases and payments;
- capital contracts and associated expenditure;
- petty cash;
- payroll and staff expenses;
- budgetary controls and management reporting; and
- income and nominal ledger.

The internal auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Bi-annual checks are carried out in both the Spring and Summer terms.

The internal auditor delivered their planned schedule of work in the current year and found that controls and processes were in place and operating effectively throughout the Academy.

This has been agreed to move to a Responsible Officer role from September 2017 and will be managed in-house from this date.

#### **Review of effectiveness**

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

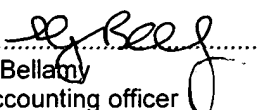
- the work of the internal auditor
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

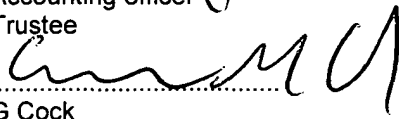
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and is satisfied that the system is operating effectively.

## South Dartmoor Academy

### Governance Statement (continued)

Approved by order of the members of the Governing Body on 20/12/17 and signed on its behalf by:

  
.....  
H Bellamy  
Accounting officer  
Trustee

  
.....  
G Cock  
Trustee

## South Dartmoor Academy


### Statement on Regularity, Propriety and Compliance

As Accounting Officer of South Dartmoor Academy I have considered my responsibility to notify the Academy Trust Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

Approved by order of the members of the Governing Body on 29/12/17 and signed on its behalf by:

  
.....  
H Bellamy  
Trustee

## South Dartmoor Academy

### Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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:

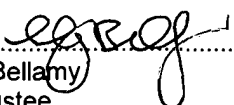
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the EFA/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 Governing Body on 20/12/17... and signed on its behalf by:

  
.....  
H Bellamy  
Trustee

## **South Dartmoor Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of South Dartmoor Academy**

#### **Opinion**

We have audited the financial statements of South Dartmoor Academy (the 'Academy') for the year ended 31 August 2017, 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's affairs as at 31 August 2017 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

#### **Use of our report**

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

#### **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.

## **South Dartmoor Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of South Dartmoor Academy (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 21], 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.

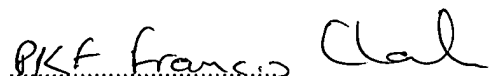
#### **Auditor's responsibilities for the audit of the financial statements**

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.

## **South Dartmoor Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of South Dartmoor Academy (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.



Sharon Austen (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
TQ2 7FF

Date: 20 December 2017

## **South Dartmoor Academy**

### **Independent Reporting Accountant's Report on Regularity to South Dartmoor Academy and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 26 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Dartmoor Academy during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to South Dartmoor Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to South Dartmoor Academy 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 South Dartmoor Academy 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 Governing Body's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval;
- Performing substantive tests on relevant transactions.

## **South Dartmoor Academy**

### **Independent Reporting Accountant's Report on Regularity to South Dartmoor Academy and the Education and Skills Funding Agency (continued)**

#### **Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*PKF Francis Clark*

Sharon Austen  
PKF Francis Clark, Chartered Accountants

Sigma House  
Oak View Close  
Edginswell Park  
Torquay  
TQ2 7FF

Date: *20 December 2017*

## South Dartmoor Academy

### Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000
<b>Income and endowments from:</b>					
Donations and capital grants	3	4	26	335	365
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	6	403	12,212	-	12,615
Other trading activities	4	179	168	-	347
Investments	5	1	-	-	1
<b>Total</b>		<b>587</b>	<b>12,406</b>	<b>335</b>	<b>13,328</b>
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	8	664	12,961	655	14,280
Profit on disposal of fixed assets		-	-	(29)	(29)
<b>Net expenditure</b>		<b>(77)</b>	<b>(555)</b>	<b>(291)</b>	<b>(923)</b>
Transfers between funds		-	29	(29)	-
<b>Other recognised gains and losses</b>					
Actuarial gain on defined benefit pension schemes	25	-	1,357	-	1,357
<b>Net movement in (deficit)/funds</b>		<b>(77)</b>	<b>831</b>	<b>(320)</b>	<b>434</b>
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2016		100	(8,109)	27,149	19,140
<b>Total funds/(deficit) carried forward at 31 August 2017</b>		<b>23</b>	<b>(7,278)</b>	<b>26,829</b>	<b>19,574</b>

## South Dartmoor Academy

### Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account) (As restated)

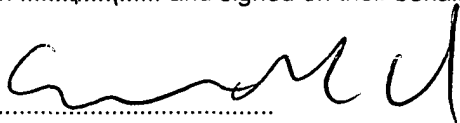
	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2016 £ 000
<b>Income and endowments from:</b>					
Donations and capital grants	3	14	67	1,570	1,651
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	6	390	12,282	-	12,672
Other trading activities	4	208	175	-	383
Investments	5	1	-	-	1
Total		613	12,524	1,570	14,707
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	8	631	12,889	1,018	14,538
Net (expenditure)/income		(18)	(365)	552	169
Transfers between funds		(100)	100	-	-
<b>Other recognised gains and losses</b>					
Actuarial gain on defined benefit pension schemes	25	-	(2,785)	-	(2,785)
Net movement in (deficit)/funds		(118)	(3,050)	552	(2,616)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2015		218	(5,059)	26,597	21,756
Total funds/(deficit) carried forward at 31 August 2016		100	(8,109)	27,149	19,140

# South Dartmoor Academy

(Registration number: 07561204)  
Balance Sheet as at 31 August 2017

		2017	(As restated) 2016
	Note	£ 000	£ 000
<b>Fixed assets</b>			
Tangible assets	14	26,588	27,137
<b>Current assets</b>			
Stocks	15	28	35
Debtors	16	515	381
Cash at bank and in hand		252	335
		<u>795</u>	<u>751</u>
Creditors: Amounts falling due within one year	17	<u>(892)</u>	<u>(1,181)</u>
Net current liabilities		<u>(97)</u>	<u>(430)</u>
Total assets less current liabilities		<u>26,491</u>	<u>26,707</u>
Net assets excluding pension liability		26,491	26,707
Defined benefit pension scheme liability	25	<u>(6,917)</u>	<u>(7,567)</u>
Net assets		<u>19,574</u>	<u>19,140</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		(361)	(542)
Restricted fixed asset fund		26,829	27,149
Restricted pension fund		<u>(6,917)</u>	<u>(7,567)</u>
		19,551	19,040
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>23</u>	<u>100</u>
Total funds		<u>19,574</u>	<u>19,140</u>

The financial statements on pages 27 to 55 were approved by the Trustees, and authorised for issue on 22.10.17 and signed on their behalf by:

  
.....  
G Cock  
Trustee

## South Dartmoor Academy

### Statement of Cash Flows for the Year Ended 31 August 2017

	Note	2017 £ 000	2016 £ 000
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	21	(359)	76
Cash transferred on conversion to an academy trust		-	-
Cash flows from investing activities	22	<u>276</u>	<u>(696)</u>
Change in cash and cash equivalents in the year		(83)	(620)
Cash and cash equivalents at 1 September		<u>335</u>	<u>955</u>
Cash and cash equivalents at 31 August	23	<u>252</u>	<u>335</u>

# **South Dartmoor Academy**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **1 Accounting policies**

#### **Statement of accounting policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

South Dartmoor Academy meets the definition of a public benefit entity under FRS 102.

#### **Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of 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 approval of the financial statements. The Trustees have concluded that the multi-academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the multi-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 recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

# **South Dartmoor Academy**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (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 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'.

#### ***Donated fixed assets***

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 alone 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.

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (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 £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold buildings	50 years
Long term leasehold property	50 years
Motor vehicles	20% straight line
Furniture and equipment	20% straight line
Computer equipment	33% straight line

##### **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.

# **South Dartmoor Academy**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (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.

#### **Leased assets**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

#### **Financial Instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### **Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

#### **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.

## **South Dartmoor Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

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

##### **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. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

##### **Fund accounting**

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

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

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

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

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

# **South Dartmoor Academy**

## **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

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

#### ***Critical accounting estimates and assumptions***

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### **Agency accounting**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

### **2 Prior year adjustments**

The comparative figures for the year ended 31 August 2016 have been restated to reflect a change in the Academy Trust's accounting policy in respect of the premises it occupies under licence from the Diocese of Exeter. In line with the guidance given in the Accounts Direction 2016/17, this property is now excluded from the Academy Trust's balance sheet.

A notional rent donation and expense have also been included in the prior year totalling £48,000. As mandated by the Academy Accounts Direction, a prepayment and matching deferred income have also been included, amounting to £48,000.

The total effect of these restatements is to decrease net assets as at 31 August 2016 by £875,000 and to increase the surplus for that year by £15,000.

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 3 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2017 £ 000	Total (As restated) 2016 £ 000
Capital grants	-	-	335	335	1,570
Other donations	4	26	-	30	81
	<u>4</u>	<u>26</u>	<u>335</u>	<u>365</u>	<u>1,651</u>

#### 4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Hire of facilities	133	-	133	152
School shop sales	17	9	26	36
Recharges and reimbursements	-	113	113	130
Other income	29	46	75	65
	<u>179</u>	<u>168</u>	<u>347</u>	<u>383</u>

#### 5 Investment income

	Unrestricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Bank interest income	<u>1</u>	<u>1</u>	<u>1</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 6 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
<b>DfE/ESFA revenue grants</b>				
General Annual Grant (GAG)	-	10,624	10,624	10,789
Pupil Premium	-	462	462	466
Universal Infant Free School Meals Grant	-	93	93	100
PE and Sports Grant	-	43	43	43
School Sports Partnership	-	240	240	130
Year 7 Catch Up Grant	-	12	12	13
	-	11,474	11,474	11,541
<b>Other government grants</b>				
SEN/High Needs Income	-	227	227	260
Autism Grant	-	165	165	149
Local Area Partnership	-	12	12	24
Other Government Grants	-	52	52	34
Sports Academy Funding	-	33	33	39
	-	489	489	506
<b>Non-government grants and other income</b>				
Educational Trips	-	249	249	235
Catering Income	403	-	403	390
	403	249	652	625
<b>Total grants</b>	<b>403</b>	<b>12,212</b>	<b>12,615</b>	<b>12,672</b>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 7 Expenditure

	Non Pay Expenditure			Total 2017 £ 000	Total (As restated) 2016 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
<b>Academy's educational operations</b>					
Direct costs	8,318	-	549	8,867	9,196
Allocated support costs	<u>2,640</u>	<u>1,413</u>	<u>1,360</u>	<u>5,413</u>	<u>5,342</u>
	<u>10,958</u>	<u>1,413</u>	<u>1,909</u>	<u>14,280</u>	<u>14,538</u>

#### Net income/(expenditure) for the year includes:

	2017 £ 000	2016 £ 000
Operating leases - other leases	(195)	(141)
Profit/(loss) on disposal of tangible fixed assets	29	-
Fees payable to auditor - audit	(8)	(8)
Fees payable to auditor - other audit services	<u>(8)</u>	<u>(7)</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 8 Charitable activities

		<b>Total 2017 £ 000</b>	<b>Total (As restated) 2016 £ 000</b>
Direct costs - educational operations		8,867	9,196
Support costs - educational operations		5,413	5,342
		<u>14,280</u>	<u>14,538</u>
	<b>Educational operations £ 000</b>	<b>Total 2017 £ 000</b>	<b>Total (As restated) 2016 £ 000</b>
<b>Analysis of support costs</b>			
Support staff costs	2,640	2,640	2,241
Depreciation	638	638	949
Premises costs	775	775	766
Other support costs	1,341	1,341	1,371
Governance costs	19	19	15
Total support costs	<u>5,413</u>	<u>5,413</u>	<u>5,342</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 9 Staff

##### Staff costs

	2017 £ 000	2016 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	8,214	8,155
Social security costs	732	647
Operating costs of defined benefit pension schemes	1,892	1,952
	<u>10,838</u>	<u>10,754</u>
Apprenticeship levy	11	-
Supply teacher costs	95	151
Staff restructuring costs	14	13
	<u>10,958</u>	<u>10,918</u>
	<b>2017 £ 000</b>	<b>2016 £ 000</b>
<b>Staff restructuring costs comprise:</b>		
Severance payments	<u>14</u>	<u>13</u>

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £14,000 (2016: £13,000). Individually, the payments were £2,000, £8,000, £3,000 and £1,000 (2016: £10,000 and £3,000).

##### Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2017 No	2016 No
<b>Charitable Activities</b>		
Teachers	231	243
Administration and support	132	132
Management	25	25
	<u>388</u>	<u>400</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 9 Staff (continued)

##### Higher paid staff

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

	2017 No	2016 No
£60,001 - £70,000	3	3
£110,001 - £120,000	1	1

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £723,014 (2016: £707,303).

#### 10 Central services

No central services were provided by the Academy Trust to its academies during the period and no central charges arose.

#### 11 Related party transactions - Trustees' remuneration and expenses

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

These Trustees served for the full year:

H Bellamy (Principal):

Remuneration: £135,000 - £140,000 (2016 - £135,000 - £140,000)

Employer's pension contributions: £15,000 - £20,000 (2016 - £15,000 - £20,000)

R Shaw (Executive Primary Head):

Remuneration: £75,000 - £80,000 (2016 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £10,000 - £15,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £3,453 (2016 - £1,354) were reimbursed or paid directly to 2 Trustees (2016 - 1).

Other related party transactions involving the Trustees are set out in note 26.

## **South Dartmoor Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **12 Trustees' and officers' insurance**

The academy has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where the UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst in 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.

#### **13 Connected charities**

Friends of south Dartmoor Academy is a connected charity and it is related to the Academy Trust as follows: The 'Friends' are established for the general purpose of raising funds for South Dartmoor Academy.

- The aggregate amount of the entity's assets is £47,000
- The aggregate amount of the entity's liabilities is £Nil
- The aggregate amount of the entity's funds is £47,000
- The total turnover of the entity is £49,000
- The total expenditure of the entity is £31,000
- Profit for the year is £18,000

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 14 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
<b>Cost</b>						
At 1 September 2016 (restated)	21,331	7,632	3,024	22	1,054	33,063
Additions	134	-	63	-	48	245
Disposals	<u>(171)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(171)</u>
At 31 August 2017	<u>21,294</u>	<u>7,632</u>	<u>3,087</u>	<u>22</u>	<u>1,102</u>	<u>33,137</u>
<b>Depreciation</b>						
At 1 September 2016 (restated)	1,703	383	2,928	15	897	5,926
Charge for the year	381	120	44	4	89	638
Eliminated on disposals	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
At 31 August 2017	<u>2,069</u>	<u>503</u>	<u>2,972</u>	<u>19</u>	<u>986</u>	<u>6,549</u>
<b>Net book value</b>						
At 31 August 2017	<u>19,225</u>	<u>7,129</u>	<u>115</u>	<u>3</u>	<u>116</u>	<u>26,588</u>
At 31 August 2016 (restated)	<u>19,628</u>	<u>7,249</u>	<u>96</u>	<u>7</u>	<u>157</u>	<u>27,137</u>

#### 15 Stock

	2017 £ 000	2016 £ 000
Books and stationery	12	8
Catering	8	18
Clothing	<u>8</u>	<u>9</u>
	<u>28</u>	<u>35</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 16 Debtors

	2017	(As restated) 2016
	£ 000	£ 000
Trade debtors	49	31
Prepayments	194	139
Accrued grant and other income	147	169
VAT recoverable	125	42
	<u>515</u>	<u>381</u>

#### 17 Creditors: amounts falling due within one year

	2017	(As restated) 2016
	£ 000	£ 000
Trade creditors	275	551
Other taxation and social security	179	182
Pension scheme creditor	159	161
Accruals	119	171
Deferred income	160	116
	<u>892</u>	<u>1,181</u>

	2017 £ 000
<b>Deferred income</b>	
Deferred income at 1 September 2016 (restated)	116
Resources deferred in the period	160
Amounts released from previous periods	<u>(116)</u>
Deferred income at 31 August 2017	<u>160</u>

At the balance sheet date the Academy Trust was holding funds for universal infant free school meals and funds for educational school trips, received in advance for the 2017/18 academic year.

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 18 Funds

	(As restated) Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
<b>Restricted general funds</b>					
GAG	(571)	10,624	(10,460)	29	(378)
Pupil premium	-	462	(462)	-	-
LEA and other grants	-	404	(404)	-	-
Other DfE/ESFA grants	-	148	(148)	-	-
Voluntary income	1	249	(248)	-	2
Other restricted general funds	28	519	(532)	-	15
	<u>(542)</u>	<u>12,406</u>	<u>(12,254)</u>	<u>29</u>	<u>(361)</u>
<b>Restricted fixed asset funds</b>					
Fixed assets transferred on conversion	18,701	-	(341)	(140)	18,220
DfE/ESFA Capital grants	4,812	326	(222)	-	4,916
Capital funds on conversion	3,528	-	(79)	-	3,449
Capital Expenditure from GAG	64	-	(6)	23	81
Minibus Fund	10	-	(5)	-	5
Widecombe Capital Funds	3	-	(2)	-	1
Golf course donation	31	-	-	-	31
Proceeds on sale of property	-	29	-	88	117
Other capital grants	-	9	-	-	9
	<u>27,149</u>	<u>364</u>	<u>(655)</u>	<u>(29)</u>	<u>26,829</u>
<b>Restricted pension funds</b>					
Pension reserve	<u>(7,567)</u>	<u>-</u>	<u>(707)</u>	<u>1,357</u>	<u>(6,917)</u>
Total restricted funds	19,040	12,770	(13,616)	1,357	19,551
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>100</u>	<u>587</u>	<u>(664)</u>	<u>-</u>	<u>23</u>
Total funds	<u>19,140</u>	<u>13,357</u>	<u>(14,280)</u>	<u>1,357</u>	<u>19,574</u>

## **South Dartmoor Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **18 Funds (continued)**

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

Restricted General Funds include the following income streams which must be used in accordance with the terms and conditions under which the income has been awarded:

General Annual Grant (GAG) - This funding is received from the ESFA and is used in accordance with the Master Funding Agreement for the purpose of funding the continuing activities of the Academy. Under this agreement with the Secretary of State there are no limits as to the amount of GAG funding that can be carried forward to future years.

Pupil Premium - Funding of £462,000 has been used for the benefit of disadvantaged students to help improve their academic results and enrich their school experience.

Other DfE / ESFA Grants - This primarily includes Universal Infant Free School Meals funding of £93,000 and Sports Grant funding of £43,000 which has been used for the purpose of further developing Physical Education for the benefit of our students.

LA Grants - Special Educational Needs and Disabilities funding of £227,000 has been received from the Local Authority and spent for the purpose of further supporting our young students where required. Funding of £165,000 has been received and used to support our CAIRB (Communication and Interaction Resource Base) facility tailored to supporting young children with Autism. During the year £14,000 has been received to support our Woodhouse Pre-school which opened at Ilington Primary in February 2017.

Voluntary Income - This has been received and used during the year for Enrichment Week activities and other out of school educational visits.

Other General Funds - This comprises income to support the Dartmoor School Sports Partnership, contributions towards the Sports Academy, and a Construction Industry Training Board (CITB) grant of benefit to our students at the Atrium Studio undertaking studies in the built environment.

#### **Restricted Fixed Asset Funds**

DfE / ESFA capital grants include funding to complete the Atrium Studio school building, as well as to fund the provision of a new catering block at South Dartmoor Community College.

#### **Restricted Pension Funds**

The deficit in pension fund reserves represents the Local Government Pension Scheme.

#### **Unrestricted Funds**

Unrestricted funds primarily comprise canteen income, income from the Ashmoor Sports Centre and South Brent Gym.

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 18 Funds (continued)

##### Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total £ 000</b>
South Dartmoor Community College	(952)
Ashburton Primary School	165
Atrium Studio School	5
Buckfastleigh Primary School	167
Ilstington C of E Primary School	130
Moretonhampstead Primary School	94
Widecombe-in-the-Moor Primary School	<u>53</u>
Total before fixed assets and pension reserve	(338)
Fixed assets transferred on conversion	26,829
Pension reserve	<u>(6,917)</u>
Total	<u><u>19,574</u></u>

South Dartmoor Community College is carrying a net deficit of £952,000 as a result of a financial skills shortage which was identified in the finance department in the previous year.

A restructure within the Finance Department and new appointment of Chief Finance Officer in 2015 has ensured that the current year has ended with an adjusted surplus of £313,000 (see Financial Review, page 11). This provides assurance that expenditure continues to be effectively managed against budget. Clean internal audit reports received for the second consecutive year give further assurance around enhanced internal controls, financial processes and robust monitoring which are in place and are operating effectively. Future challenges in pupils numbers due to low birth rates demographically are expected to continue, however the Academy is committed to reducing the deficit each year to return to a surplus position.

The Trustees have set and managed a balanced budget for the year ended 31 August 2017, and have set a balanced budget for the year ended 31 August 2018. Work is already underway on budgets for the year ended 31 August 2019 and they are therefore satisfied that the deficit will continue to reduce accordingly.

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 18 Funds (continued)

##### Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2017 £ 000
South Dartmoor Community College	5,245	1,484	110	1,659	8,483
Ashburton Primary School	656	126	12	143	937
Atrium Studio School	550	140	21	156	867
Buckfastleigh Primary School	810	158	12	166	1,146
Ilington C of E Primary School	261	50	8	121	440
Moretonhampstead Primary School	481	82	14	108	685
Widecombe-in-the-Moor Primary School	227	63	5	67	362
Academy Trust	<u>8,230</u>	<u>2,103</u>	<u>182</u>	<u>2,420</u>	<u>12,920</u>

#### 19 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	26,588	26,588
Current assets	23	531	241	795
Current liabilities	-	(892)	-	(892)
Pension scheme liability	-	(6,917)	-	(6,917)
Total net assets	<u>23</u>	<u>(7,278)</u>	<u>26,829</u>	<u>19,574</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 20 Financial commitments

##### *Operating leases*

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

	2017 £ 000	2016 £ 000
Amounts due within one year	209	151
Amounts due between one and five years	596	386
Amounts due after five years	98	101
	<u>903</u>	<u>638</u>

#### 21 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2017 £ 000	2016 £ 000
Net (expenditure)/income	(923)	169
Depreciation	638	949
Capital grants from DfE and other capital income	(335)	(1,570)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	541	245
Defined benefit pension scheme finance cost	166	169
Decrease in stocks	7	13
(Increase)/decrease in debtors	(134)	1,066
Decrease in creditors	(289)	(964)
Profit on disposal of intangible fixed assets	(29)	-
Net cash (used in)/provided by Operating Activities	<u>(359)</u>	<u>76</u>

#### 22 Cash flows from investing activities

	2017 £ 000	2016 £ 000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(245)	(2,267)
Proceeds from sale of tangible fixed assets	185	-
Capital grants from DfE/ESFA	326	1,570
Capital funding received from sponsors and others	9	-
Net cash provided by/(used in) investing activities	<u>276</u>	<u>(696)</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 23 Analysis of changes in net funds

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Cash at bank and in hand	252	335
Total cash and cash equivalents	252	335

#### 24 Members' liability

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

#### 25 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 Devon 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 2013.

Contributions amounting to £(159,000) (2016 - £(161,000)) were payable to the schemes at 31 August and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

## **South Dartmoor Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)**

#### **25 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.

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £Nil (2016: £Nil).

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a 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 2017 was £583,000 (2016 - £547,000), of which employer's contributions totalled £435,000 (2016 - £412,000) and employees' contributions totalled £148,000 (2016 - £135,000). The agreed contribution rates for future years are 15.4% plus a fixed annual contribution of £87,777 for employers and 5.5% to 12.5% for employees.

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 25 Pension and similar obligations (continued)

As described in the notes the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

#### Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	4.20	4.10
Rate of increase for pensions in payment/inflation	2.70	2.30
Discount rate for scheme liabilities	<u>2.60</u>	<u>2.20</u>

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

	At 31 August 2017	At 31 August 2016
<b>Retiring today</b>		
Males retiring today	23.40	22.90
Females retiring today	25.50	26.20
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.70	25.20
Females retiring in 20 years	<u>27.90</u>	<u>28.60</u>

#### Sensitivity analysis

	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate +0.1%	12,204	11,836
Discount rate -0.1%	12,777	12,381
Mortality assumption – 1 year increase	12,916	12,444
Mortality assumption – 1 year decrease	<u>12,073</u>	<u>11,775</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 25 Pension and similar obligations (continued)

The Academy Trust's share of the assets in the scheme were:

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Equities	3,298	2,661
Gilts	172	146
Corporate bonds	302	259
Government bonds	215	184
Other bonds	138	120
Property	487	448
Cash and other liquid assets	131	77
Other	827	643
Total market value of assets	<u>5,570</u>	<u>4,538</u>

The actual return on scheme assets was £575,000 (2016 - £529,000).

#### Amounts recognised in the statement of financial activities

	2017 £ 000	2016 £ 000
Current service cost	(976)	(653)
Interest income	105	153
Interest cost	(267)	(320)
Admin expenses	4	2
Total amount recognised in the SOFA	<u>(1,134)</u>	<u>(818)</u>

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

	2017 £ 000	2016 £ 000
At start of period	12,105	8,035
Current service cost	976	653
Interest cost	267	320
Employee contributions	148	135
Actuarial (gain)/loss	(911)	3,161
Benefits paid	(98)	(203)
Past service cost	-	4
At 31 August	<u>12,487</u>	<u>12,105</u>

## South Dartmoor Academy

### Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

#### 25 Pension and similar obligations (continued)

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

	2017 £ 000	2016 £ 000
At start of period	4,538	3,667
Interest income	105	153
Actuarial gain/(loss)	446	376
Employer contributions	435	412
Employee contributions	148	135
Benefits paid	(98)	(203)
Effect of non-routine settlements	(4)	(2)
At 31 August	<u>5,570</u>	<u>4,538</u>

#### 26 Related party transactions

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

During the year the Academy Trust made the following related party transactions:

##### **Mead Garage**

(A business in which S Khan has an interest)

Purchases of £173 were made by the academy during the year. At the balance sheet date the amount due to Mead Garage was £Nil (2016 - £Nil).

#### 27 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2017 the trust received £34,000 and disbursed £49,000 from the fund. An amount of £3,000 is included in other creditors relating to undistributed funds that is repayable to EFA.