

THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2013**

Trustees

D Bell, Chair^{1,5,6,7}
Dr S Sissons, Headteacher^{1,2,7}
F Hardcastle, Staff Governor⁴
A Matyla, Staff Governor³
K Pakenham, Staff Governor⁴
S Arthur¹
R Barnett (resigned 27 February 2013)⁴
Reverend E Brown²
A Button³
D Day^{1,5,6,7}
D Gunn (resigned 1 April 2013)⁴
SA Harvey^{3,7}
C Mildiner (resigned 16 January 2013)^{4,6,7}
M Parry¹
J Rains (resigned 16 January 2013)^{2,7}
J Smith^{1,2,6}
D Southern³
Dr R Vowles^{2,3,5,7}
M Sly (appointed 17 October 2012)²
Dr C T Ryan (appointed 17 October 2012)²

- 1 Finance & Premises Committee
- 2 Staffing Committee
- 3 Curriculum & SEN Committee
- 4 Student Support Committee
- 5 Appeals Committee
- 6 Discipline Committee
- 7 Chairs Committee

**Company registered
number**

07831414

**Principal and Registered
office**

St Paul's Drive
Covingham
Swindon
Wiltshire
SN3 5DA

Accounting officer

Dr S Sissons

**Senior management
team**

Dr S Sissons, Headteacher
M Coombes, Deputy Head
J Aplin, Associate Head
B Jackson, Assistant Head
S Needs, Assistant Head
A Jefferies, Finance & Facilities Manager

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Advisers (continued)

Independent auditors Bishop Fleming
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Bankers Lloyds Bank Plc
5 High Street
Swindon
SN1 3EN

Solicitors Stone King LLP
13 Queen Square
Bath
BA1 2HJ

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees act as the Trustees for the charitable activities of The Dorcan Academy and are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £2,000,000.

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £25,000,000 on any one claim.

Principal Activity

The principal activity is to advance, for the public benefit, education by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad and balanced curriculum.

The principal activity of the Academy is also to provide free education for pupils of different abilities between the ages of 11 and 16.

TRUSTEES

Method of recruitment and appointment or election of Trustees

The Academy's Board of Trustees comprises the Headteacher, a minimum of 7 Parent Trustees, up to 3 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 9 other Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 20 Trustees who are appointed by members.
- up to 7 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- up to 3 staff Trustees appointed by the Trustee board.
- up to 9 Community Trustees who are appointed by the Trustee board.
- the Headteacher who is treated for all purposes as being an ex officio Trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Policies and Procedures adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority.

Organisational Structure

The Board of Trustees normally meets once each month. The Board establishes an overall framework for governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the Committee activities through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 7 committees as follows;

- Finance and Premises Committee - the Finance and Premises Committee - this meets at least five times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, premises & contract management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels.
- The Staffing Committee - this meets five times a year to monitor, evaluate and review academy policy, practice and performance in relation to staffing, appraisal & performance management and all staffing related issues.
- The Curriculum Committee - this meets five times a year to monitor, evaluate and review academy policy, practice and performance in relation to curriculum planning, target setting and assessment, examinations and all teaching & learning issues.
- The Student Support Committee - this meets five times a year to monitor, evaluate and review academy policy, practice and performance in relation to behaviour, attendance, safeguarding & child protection, special educational needs and all pastoral issues.
- The Admissions Committee which meets weekly to deal with in year admissions requests and all matters relating to admissions.
- The Chairs Committee – this meets three times a year to plan monitor and evaluate the work of the other committees and the overall performance of the academy and its strategic direction.
- The Discipline Committee – this meets six times a year to monitor behaviour of Academy students.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

**THE DORCAN ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, three assistant Headteachers and the Finance & Facilities Manager. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees, The SLT and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher, Finance & Facilities Manager and Finance & Premises Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Trustee.

The Headteacher is the Accounting Officer.

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances.

The Trustees have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

Connected Organisations, including Related Party Relationships

The Academy has use of facilities at Dorcan Recreation Complex and there is a shared use agreement between the Academy and the Local Authority who operate the recreation complex.

The Academy has strong collaborative links with five feeder primary schools which form part of The Dorcan Academy Learning Cluster.

There are no related parties which either control or significantly influence the decisions and operations of The Dorcan Academy. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of The Dorcan Academy to provide free education and care for pupils of different abilities between the ages of 11 and 16.

The aims of the Academy during the year/period ended 31 August 2013 are summarised below:

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

- to continue to raise the standard of educational attainment and achievement of all students.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop students as more effective learners.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to maximise the number of students who achieve 5 A* - C GCSE grades including English and Maths.
- to maximise the number of students who make expected and good progress in English and Maths.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with industry and commerce.
- to develop the Academy's capacity to manage change, and to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Dorcan Academy is a school that has been recognised nationally as one of the most improved in the country (Department for Education 2012). We are building on this excellent foundation, whilst retaining the caring and supportive learning environment. It is our clear aim to be “an outstanding learning community where everyone has the right to achieve their full potential and we will all be the best we can be.” (The Dorcan Academy vision).

Our school is based on three principles ‘Aspire • Learn • Achieve’.

The Academy’s culture is aspirational, based on very high standards of work and behaviour, with everyone doing their best and enabling our focus to be on learning and progress for all our students.

Learning has always been at the heart of the school. Our students benefit from a rich, diverse and challenging curriculum that provides them with significant choice to meet their needs. The high quality of teaching at the school means that students not only make good progress in their lessons but also enjoy their learning. We want our students not only to achieve academic excellence, but also to develop confidence and skills to equip them for life beyond school.

Students achieve well, with significant year on year improvements in standards being noted by the Minister of State for Education. Our students also excel in many other areas ranging from sports, drama and writing to maths, science and technology, achieving success in both local and national competitions. Progression after leaving school is vital for our young people and we are proud that recently every student leaving The Dorcan Academy has either gone onto a college course, into employment or further training.

Objectives, Strategies and Activities

The overarching planning for the Academy is found in the Strategic Plan 2012-16 and key priorities for the year are contained in our annual School Development Plan, both of which are available from the Academy Office.

Strategic Plan Priorities 2012-16

The Academy has made significant progress during the past 4 years of its strategic plan. The new priorities for the Academy are in response to its current strategic position as identified through wide ranging discussions and feedback from stakeholders. These priorities reflect our strengths and weaknesses as a school and seek to build on a clear vision to become an outstanding learning community based on well-defined and agreed values.

The strategic priorities are focussed around the improving achievement of all students and inspection judgements that become good and outstanding in all aspects. This model has five clear priorities which have considerable links and overlaps. It is important that they are seen as complementing each other and supporting the Academy’s vision, not as separate and unrelated areas of development. The first four priorities come directly from the Ofsted framework and the fifth is a key aspect of the framework, in that it contributes to the overall effectiveness judgment for the school.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

As the future prosperity and success of The Dorcan Academy depends upon successful and consistent Ofsted inspection judgements, our planning and evaluation will focus on these well-defined areas.

- Strategic Priority 1: Achievement
- Strategic Priority 2: Teaching
- Strategic Priority 3: Behaviour and Safety
- Strategic Priority 4: Leadership and Management
- Strategic Priority 5: Support and SMSC

- School Development Plan Priorities 2013-14
 - 1: ACHIEVEMENT
Secure progress above national averages in all subjects for all students.
 - Continue to close the gap between the attainment of FSM/CLA and non- FSM/CLA students
 - Ensure SEN students show improved progress against national averages
 - Ensure able students show improved attainment against national averages
 - Ensure consistency of leadership and accountability
 - Implement Rapid Improvement Plans for identified departments

 - 2: TEACHING
Secure progress above national averages in all subjects for all students.
 - Ensure that all teaching is at least good and an increasing percentage is outstanding
 - Ensure cross-curricular teaching has a positive impact on literacy and numeracy to support learning
 - Ensure all teaching is good or better by continuing to develop teachers to deliver their own well planned lessons

 - 3: BEHAVIOUR & SAFETY
Reduce fixed term exclusions and improve attendance for all students
 - Strengthen departmental strategies to ensure a reduction in exclusions (including key groups of students)
 - Ensure attendance improves to above national averages

 - 4: LEADERSHIP & MANAGEMENT
Introduce a new appraisal process to support the improvement in teaching and learning and achievement

 - 5: SUPPORT & SMSC
Ensure all students receive appropriate support and guidance
 - Extend provision for SEND and vulnerable students with clear impact on attendance, behaviour, exclusions and progress
 - Further develop strategies to promote and coordinate whole school SMSC, CC, IAG/CEG & PHSE, through Tutoring, Assemblies, and collapsed sessions

Public Benefit

The Trustees confirm that they have complied with the duty contained in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Covingham, Eldene, Liden, Park North and surrounding areas. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and development schools, offering a broad curriculum.

The Academy provides facilities for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

The Academy is in its second year of operation. The total number of students in the year ending 31 August 2013 was 946 and this has decreased to 903 in September 2013

The 2013 examination window saw the Academy record 50% of students achieving 5 GCSEs at A*-C including English and Maths, with 76% achieving the 5 GCSEs at A*-C. 97% of students left the Academy with 5A*-G. This was despite a severe realignment of exam boundaries across all subjects and an OFQUAL statement that "year-on-year comparisons may not be comparing like with like". Using the same boundaries just for the English 2012 GCSE would have resulted in a 54% 5 GCSE A*-C including English and Maths figure.

To ensure that standards are continually assessed, the Academy operates a detailed quality assurance system. This includes a whole school programme of lesson observations, lesson planning audits and work scrutinies carried out twice each year by a range of middle and senior leaders. This is supported by termly monitoring by Heads of Faculty of standards in each area of planning, marking and assessment. The Academy is data rich and monitors each student's progress against challenging targets on a termly basis. Tracking of all students and appropriate intervention ensures that individual students maintain good progress throughout their school careers.

Continuing professional development for staff has been very successful with all teaching staff meeting their targets for CPD by attendance at external courses, or twilight CPD sessions. The key training for teachers has been the middle leadership course delivered at The Dorcan Academy by Sir David Carter for our middle leaders and partner schools in Swindon and the Outstanding Teacher Programme attended by seven of our very good teachers in Spring and summer at Ridgeway School. These staff are now delivering the training to colleagues at The Dorcan Academy and teaching is improving as a result. The induction programme for NQTs was again successful with 100% pass rate, as usual. The CPD programme has met the requirements related to Academy status and Child Protection training is up to date. Two teachers are enrolled on Masters level courses related to their subject area. The Academy has ensured middle and senior leadership attendance at three key Ofsted courses. We have used our partnerships with Balcarras and Ridgeway schools to good effect with all staff attending staff development days at one or both of these schools. We have supported and boosted the training of our Additional Needs staff by ensuring that all teaching assistants are enrolled on specialist courses.

The student councils take responsibility for all charity fund raising which includes non-uniform days. This year the charities identified by the students are listed below, including the amount of money that was raised by the students. This year the school has raised £4,682 for the charities identified below:

Charity	£
Swindon Downs Syndrome	463
Great Western Hospital	199
Prospect Hospice	861
Swindon Downs Syndrome	199
Kenya Project	120
Cancer Research	662
Helen & Douglas House	604
Red Nose 2013	1,088
NSPCC	486
Total	4,682

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern accounting policy.

**THE DORCAN ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention - the amount of carry forward was restricted to 12% at 31 August 2012, however the restriction has been removed in the current year. In the period under review, £nil was carried forward on the GAG fund.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for the year ended 31 August 2013 were 946, a decrease of 77 over 2012. It is anticipated that this number will stabilise.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2013 this was 86.8%, compared to 84.2% in 2012.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of financial activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2013, total expenditure of £5,905,245 was covered by recurrent grant funding from the DfE, together with other incoming resources of £5,703,535. The deficit for the year (excluding restricted fixed asset funds) was £36,540 after a transfer to the restricted fixed asset fund for the cost of additions.

At 31 August 2013 the net book value of fixed assets was £8,942,384 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

In 2012 the Academy took on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of financial activities with details in Note 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. The Academy has a rolling program of policy review to ensure all policies are up to date.

Financial and Risk Management Objectives and Policies

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Risks to revenue funding from a falling roll are evident, together with the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance & Premises Committee

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

meetings. The Trustees also regularly review profiled expenditure and financial forecasts to ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 25 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 96% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Reserves Policy

The Trustees' policy is to review the reserve levels of the Academy annually with the objective of carrying forward a prudent level of resources designed to meet the long term cyclical needs of renewal and any unforeseen contingencies plus a contribution towards future capital projects.

This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £319,958 (2012: £356,498).

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect, which is currently Lloyds Bank Plc main school account.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Investment opportunities are reviewed by the Finance & Premises Committee on a regular basis in line with the Investment Policy.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our School Development Plan, which is available from the Clerk to the Trustees.

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.

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors, Bishop Fleming, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the Board of Trustees on 2 December 2013 and signed on its behalf by:

D Bell
Chair of Trustees

Dr S Sissons
Headteacher

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Dorcan 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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Dorcan 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 Trustees' responsibilities statement. The Board of Trustees has formally met 11 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Bell	11	11
Dr S Sissons	11	11
F Hardcastle	10	11
A Matyla	11	11
K Pakenham	9	11
S Arthur	5	11
R Barnett	3	6
Reverend E Brown	6	11
A Button	8	11
D Day	10	11
D Gunn	3	7
SA Harvey	6	11
C Mildiner	3	6
M Parry	5	11
J Rains	1	6
J Smith	11	11
D Southern	9	11
Dr R Vowles	8	11
M Sly	6	10
Dr C T Ryan	8	10

The Finance & Premises Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management and premises and contract management, to ensure compliance with reporting and regulatory requirements, to receive reports from the Responsible Officer and draft the annual budget including set staffing levels.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Arthur	3	7
D Bell	6	7
D Day	6	7
M Parry	3	7
Dr S Sissons	7	7

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Dorcan Academy for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 & Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Richard Vowles, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

During the year, the Trustees received 4 reports from the Responsible Officer which contained no matters of significance.

REVIEW OF EFFECTIVENESS

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 2 December 2013 and signed on their behalf, by:

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

D Bell
Accounting Officer

Dr S Sissons
Accounting Officer

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Dorcan Academy I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Dr S Sissons
Accounting Officer

Date: 2 December 2013

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Board of Trustees and signed on its behalf by:

D Bell
Chair of Trustees

Date: 2 December 2013

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DORCAN ACADEMY

We have audited the financial statements of The Dorcan Academy for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DORCAN ACADEMY

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Simon Morrison FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER
Date:

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE DORCAN
ACADEMY AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Dorcan Academy during the year 1 September 2012 to 31 August 2013 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 The Dorcan Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Dorcan Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Dorcan Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE DORCAN ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of The Dorcan Academy's funding agreement with the Secretary of State for Education dated 27 October 2011, and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE DORCAN
ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants
Statutory Auditors

Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date:

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013**

		Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 9 month period ended 31 August 2012 £
	Note					
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from Local Authority on Conversion	2	-	-	-	-	9,038,940
Other voluntary income	2	-	199,119	-	199,119	122,005
Activities for generating funds	3	10,822	-	-	10,822	-
Investment income	4	976	-	-	976	597
Incoming resources from charitable activities	5	13,429	5,479,189	-	5,492,618	4,185,288
TOTAL INCOMING RESOURCES		25,227	5,678,308	-	5,703,535	13,346,830
RESOURCES EXPENDED						
Charitable activities	7,8	13,349	5,663,823	213,245	5,890,417	4,371,922
Governance costs	9	-	14,828	-	14,828	27,856
TOTAL RESOURCES EXPENDED	6	13,349	5,678,651	213,245	5,905,245	4,399,778
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		11,878	(343)	(213,245)	(201,710)	8,947,052

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 9 month period ended 31 August 2012 £
Transfers between Funds	19	(48,418)	25,343	23,075	-	-
NET INCOME FOR THE PERIOD		(36,540)	25,000	(190,170)	(201,710)	8,947,052
Actuarial gains and losses on defined benefit pension schemes		-	51,000	-	51,000	(134,000)
NET MOVEMENT IN FUNDS FOR THE PERIOD		(36,540)	76,000	(190,170)	(150,710)	8,813,052
Total funds at 1 September 2012		356,498	(676,000)	9,132,554	8,813,052	-
TOTAL FUNDS AT 31 AUGUST 2013		319,958	(600,000)	8,942,384	8,662,342	8,813,052

All activities relate to continuing operations.

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 25 to 44 form part of these financial statements.

THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07831414

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	14		8,942,384		9,132,554
CURRENT ASSETS					
Debtors	15	174,966		123,250	
Cash at bank and in hand		531,839		697,504	
			<u>706,805</u>	<u>820,754</u>	
CREDITORS: amounts falling due within one year	16	(291,554)		(369,256)	
NET CURRENT ASSETS			<u>415,251</u>		<u>451,498</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,357,635</u>		<u>9,584,052</u>
CREDITORS: amounts falling due after more than one year	17		(95,293)		-
PROVISIONS FOR LIABILITIES					
Other provisions	18		-		<u>(95,000)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>9,262,342</u>		<u>9,489,052</u>
Defined benefit pension scheme liability	25		(600,000)		<u>(676,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>8,662,342</u></u>		<u><u>8,813,052</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds excluding pension liability			8,942,384	9,132,554	
Pension reserve			(600,000)	(676,000)	
Total restricted funds			<u>8,342,384</u>	<u>8,456,554</u>	
Unrestricted funds	19		319,958		<u>356,498</u>
TOTAL FUNDS			<u><u>8,662,342</u></u>		<u><u>8,813,052</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2013 and are signed on their behalf, by:

D Bell
Chair of Trustees

Dr S Sissons
Headteacher

The notes on pages 25 to 44 form part of these financial statements.

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	31 August 2013 £	9 months ended 31 August 2012 £
Net cash flow from operating activities	21	(244,464)	192,080
Returns on investments and servicing of finance	22	976	597
Capital expenditure and financial investment	22	(23,075)	(114,461)
Cash transferred on conversion to an Academy		-	462,358
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(266,563)	540,574
Financing	22	100,898	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		(165,665)	540,574

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013**

	31 August 2013 £	9 months ended 31 August 2012 £
(Decrease)/Increase in cash in the year	(165,665)	540,574
Cash outflow from decrease in debt and lease financing	(100,898)	-
MOVEMENT IN NET FUNDS IN THE YEAR	(266,563)	540,574
Net funds at 1 September 2012	697,504	156,930
NET FUNDS AT 31 AUGUST 2013	430,941	697,504

The notes on pages 25 to 44 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 GOING CONCERN

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

1.3 FUND ACCOUNTING

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.5 RESOURCES EXPENDED

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Straight line over 50 years
Motor vehicles	-	Straight line over 5 years
Fixtures and fittings	-	Straight line over 5 years
Office equipment	-	Straight line over 7 years
Computer equipment	-	Straight line over 3 years

1.7 OPERATING LEASES

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

1.8 TAXATION

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

1. ACCOUNTING POLICIES (continued)

1.9 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.10 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Dorcan Technology College to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for The Dorcan Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 9 month period ended 31 August 2012 £
Transfer from Local Authority on Conversion	-	-	-	9,038,940
Donations	-	79,310	79,310	32,817
Grants	-	119,809	119,809	89,188
Subtotal	-	199,119	199,119	122,005
Voluntary income	-	199,119	199,119	9,160,945

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 9 month period ended 31 August 2012 £
Consultancy	10,822	-	10,822	-

4. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 9 month period ended 31 August 2012 £
Bank interest	976	-	976	597

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 9 month period ended 31 August 2012 £
DfE/EFA grants				
Capital Grants	-	-	-	22,326
General Annual Grant	-	5,083,399	5,083,399	3,964,617
Start up Grants	-	-	-	25,000
Other DfE/EFA grants	-	314,175	314,175	133,220
	<u>-</u>	<u>5,397,574</u>	<u>5,397,574</u>	<u>4,145,163</u>
Other government grants				
Special Educational Needs	-	36,511	36,511	13,520
Other government grants non capital	-	13,600	13,600	6,533
	<u>-</u>	<u>50,111</u>	<u>50,111</u>	<u>20,053</u>
Other funding				
Sales to students	13,429	-	13,429	10,450
Other	-	31,504	31,504	9,622
	<u>13,429</u>	<u>31,504</u>	<u>44,933</u>	<u>20,072</u>
	<u><u>13,429</u></u>	<u><u>5,479,189</u></u>	<u><u>5,492,618</u></u>	<u><u>4,185,288</u></u>

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Direct costs - Education	3,856,210	147,112	556,225	4,559,547	3,291,448
Support costs - Education	554,516	307,080	469,274	1,330,870	1,080,474
CHARITABLE ACTIVITIES	<u>4,410,726</u>	<u>454,192</u>	<u>1,025,499</u>	<u>5,890,417</u>	<u>4,371,922</u>
GOVERNANCE	<u>823</u>	<u>-</u>	<u>14,005</u>	<u>14,828</u>	<u>27,856</u>
	<u><u>4,411,549</u></u>	<u><u>454,192</u></u>	<u><u>1,039,504</u></u>	<u><u>5,905,245</u></u>	<u><u>4,399,778</u></u>

**THE DORCAN ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

7. DIRECT COSTS

	Total 2013 £	Total 9 month period ended 31 August 2012 £
Pension finance costs	9,519	17,000
Educational supplies	160,277	90,992
Examination fees	71,707	81,620
Staff development	28,536	10,889
Other costs	181,997	98,633
Supply teachers	38,056	26,566
Wages and salaries	3,165,451	2,331,968
National insurance	249,418	178,670
Pension cost	441,341	298,180
Depreciation	213,245	156,930
	<u>4,559,547</u>	<u>3,291,448</u>

In 2012 depreciation was shown in support costs, however following clarification in the Accounts Direction 2013 the 2013 depreciation cost and the comparative are now shown in direct costs.

8. SUPPORT COSTS

	Total 2013 £	Total 9 month period ended 31 August 2012 £
Pension finance costs	7,481	-
Staff development	-	135
Recruitment and other staff costs	21,631	13,721
Maintenance of premises and equipment	101,559	56,048
Cleaning	134,620	103,714
Rent and rates	73,459	51,510
Heat and light	89,196	65,749
Insurance	46,330	45,143
Security and transport	12,293	11,384
Catering	118,844	58,572
Technology costs	35,658	42,256
Office overheads	43,536	29,859
Legal and professional	91,747	76,585
Wages and salaries	448,744	433,876
National insurance	24,551	22,731
Pension cost	81,221	69,191
	<u>1,330,870</u>	<u>1,080,474</u>

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9. GOVERNANCE COSTS

	Restricted funds 2013 £	Total funds 9 month period ended 31 August 2012 £
Auditors' remuneration	7,225	6,300
Auditors' non audit costs	6,780	2,000
Legal and Professional	-	17,701
Governance expense - wages and salaries	606	1,365
Governance expense - NI	57	130
Governance expense - pension costs	160	360
	<u>14,828</u>	<u>27,856</u>

10. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	31 August 2013 £	9 months ended 31 August 2012 £
Depreciation of tangible fixed assets: - owned by the charity	213,245	156,930
Auditors' remuneration	7,225	6,300
Auditors' remuneration - non-audit	6,780	2,000
Operating lease rentals: - plant and machinery	7,949	5,962
- land and buildings	33,492	25,119
	<u>33,492</u>	<u>25,119</u>

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11. STAFF COSTS

Staff costs were as follows:

	31 August 2013 £	9 months ended 31 August 2012 £
Wages and salaries	3,614,801	2,767,209
Social security costs	274,026	201,531
Other pension costs (Note 25)	522,722	367,731
	<u>4,411,549</u>	<u>3,336,471</u>

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

	31 August 2013 No.	9 months ended 31 August 2012 No.
Teachers	63	65
Administration and support	30	27
Student support	24	25
Management	5	5
	<u>122</u>	<u>122</u>

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

	31 August 2013 No.	9 months ended 31 August 2012 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	0
	<u>2</u>	<u>1</u>

The above employees (2012: 1 employee) participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 (2012: 10 month period), pension contributions for these staff members amounted to £22,090 (2012: £9,207).

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12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration (including pensions contributions in respect of defined benefit schemes) was as follows: Dr S Sissons £100,000 - £105,000 (2012: £70,000 - £75,000), K Pakenham £35,000 - £40,000 (2012: £30,000 - £35,000), M Matyla £25,000 - £30,000 (2012: £20,000 - £25,000) and F Hardcastle £25,000 - £30,000 (2012: £15,000 - £20,000).

The 2012 comparative figure is for a 9 month period.

During the year, no Trustees received any reimbursement of expenses (2012: £178).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,019 (2012: £962).

The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
COST						
At 1 September 2012	9,099,747	10,851	97,547	36,996	105,485	9,350,626
Additions	-	-	6,199	-	16,876	23,075
At 31 August 2013	<u>9,099,747</u>	<u>10,851</u>	<u>103,746</u>	<u>36,996</u>	<u>122,361</u>	<u>9,373,701</u>
DEPRECIATION						
At 1 September 2012	110,333	5,968	41,807	16,123	43,841	218,072
Charge for the year	147,112	2,170	20,750	5,286	37,927	213,245
At 31 August 2013	<u>257,445</u>	<u>8,138</u>	<u>62,557</u>	<u>21,409</u>	<u>81,768</u>	<u>431,317</u>
NET BOOK VALUE						
At 31 August 2013	<u><u>8,842,302</u></u>	<u><u>2,713</u></u>	<u><u>41,189</u></u>	<u><u>15,587</u></u>	<u><u>40,593</u></u>	<u><u>8,942,384</u></u>
At 31 August 2012	<u><u>8,989,414</u></u>	<u><u>4,883</u></u>	<u><u>55,740</u></u>	<u><u>20,873</u></u>	<u><u>61,644</u></u>	<u><u>9,132,554</u></u>

Included in land and buildings is freehold land at a valuation of £1,744,189 which is not depreciated.

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15. DEBTORS

	2013	2012
	£	£
Trade debtors	3,428	-
Other debtors	11,350	24,501
Prepayments and accrued income	160,188	98,749
	<u>174,966</u>	<u>123,250</u>

**16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013	2012
	£	£
Other loans	5,605	-
Other taxation and social security	81,042	85,492
Other creditors	24,409	147,266
Accruals and deferred income	180,498	136,498
	<u>291,554</u>	<u>369,256</u>

DEFERRED INCOME

Deferred income at 1 September 2012	31,984
Resources deferred during the year	59,805
Amounts released from previous years	(31,984)
Deferred income at 31 August 2013	<u>59,805</u>

At the balance sheet date the academy was holding funds received in advance for trips and events taking place post year end as well as rates funding from the EFA for the period from September 2013 to March 2014.

**17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2013	2012
	£	£
Other loans	95,293	-

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**17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	2013 £	2012 £
Repayable by instalments	<u>95,293</u>	<u>-</u>

The amount included above is a single loan with Swindon Borough Council in respect of an Equal Pay Claim agreement prior to conversion. The loan is repayable in equal installments over 18 years and the applicable rate of interest is 4.93%.

18. PROVISIONS

	Equal Pay £
At 1 September 2012	95,000
Released in the year	<u>(95,000)</u>
At 31 August 2013	<u>-</u>

EQUAL PAY

Included within provisions at the start of the year was an amount of £95,000 which represented the Trustees' best estimate of an Equal Pay liability which transferred to the Academy on conversion. During the year this liability has been quantified and the provision has been released to creditors.

19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	<u>356,498</u>	<u>25,227</u>	<u>(13,349)</u>	<u>(48,418)</u>	<u>-</u>	<u>319,958</u>

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19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	-	5,083,400	(5,108,743)	25,343	-	-
Special needs funding	-	36,511	(36,511)	-	-	-
Pupil premium	-	288,629	(288,629)	-	-	-
SCITT	-	119,808	(119,808)	-	-	-
Staff funding	-	39,104	(39,104)	-	-	-
Other LEA grants	-	6,000	(6,000)	-	-	-
Devolved Capital	-	21,246	(21,246)	-	-	-
Other EFA Grants	-	4,300	(4,300)	-	-	-
Educational visits	-	79,310	(79,310)	-	-	-
Pension reserve	(676,000)	-	25,000	-	51,000	(600,000)
	<u>(676,000)</u>	<u>5,678,308</u>	<u>(5,678,651)</u>	<u>25,343</u>	<u>51,000</u>	<u>(600,000)</u>

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	9,017,597	-	(177,273)	-	-	8,840,324
Fixed assets purchased from GAG	90,080	-	(35,438)	23,075	-	77,717
DfE/EFA Capital grants	24,877	-	(534)	-	-	24,343
	<u>9,132,554</u>	<u>-</u>	<u>(213,245)</u>	<u>23,075</u>	<u>-</u>	<u>8,942,384</u>
Total restricted funds	<u>8,456,554</u>	<u>5,678,308</u>	<u>(5,891,896)</u>	<u>48,418</u>	<u>51,000</u>	<u>8,342,384</u>
Total of funds	<u><u>8,813,052</u></u>	<u><u>5,703,535</u></u>	<u><u>(5,905,245)</u></u>	<u><u>-</u></u>	<u><u>51,000</u></u>	<u><u>8,662,342</u></u>

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

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the Education Funding Agency (EFA) during the period in order to fund the continuing activities of the school.

Special Education Needs (SEN) funding is received from the EFA to cater for pupils with learning difficulties and other disabilities.

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils.

SCITT represents monies received under the School Centre Initial Teacher Training initiative which The Dorcan Academy administer for Swindon Schools.

Staff funding represents funding received to cover staff costs, such as maternity and supply cover.

Other LEA grants represent amounts received from Swindon Council.

Devolved Capital is funding from the EFA to cover costs of improvements to buildings and other facilities

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19. STATEMENT OF FUNDS (continued)

or capital repairs / refurbishment,

Other EFA Grants is funding received from the EFA to assist with the preparation and submission of various returns.

Educational visits is funding received from parents to pay for educational trips for children.

The pension reserve represents the Local Government Pension Scheme deficit.

FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the school from Swindon Council on conversion to an Academy.

Fixed assets purchased from GAG represents amounts spent on fixed assets from the GAG funding received from the EFA.

DfE/EFA Capital grants includes devolved capital funding and amounts received from the Academies' Capital Maintenance Fund.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	356,498	25,227	(13,349)	(48,418)	-	319,958
Restricted funds	(676,000)	5,678,308	(5,678,651)	25,343	51,000	(600,000)
Restricted fixed asset funds	9,132,554	-	(213,245)	23,075	-	8,942,384
	<u>8,813,052</u>	<u>5,703,535</u>	<u>(5,905,245)</u>	<u>-</u>	<u>51,000</u>	<u>8,662,342</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 9 month period ended 31 August 2012 £
Tangible fixed assets	-	-	8,942,384	8,942,384	9,132,554
Current assets	327,183	379,622	-	706,805	820,754
Creditors due within one year	(7,225)	(284,329)	-	(291,554)	(369,256)
Creditors due in more than one year	-	(95,293)	-	(95,293)	-
Provisions for liabilities and charges	-	(600,000)	-	(600,000)	(771,000)
	<u>319,958</u>	<u>(600,000)</u>	<u>8,942,384</u>	<u>8,662,342</u>	<u>8,813,052</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2013 £	9 months ended 31 August 2012 £
Net incoming resources before revaluations	(201,710)	8,947,052
Returns on investments and servicing of finance	(976)	(597)
Net assets transferred on conversion	-	(9,038,940)
Depreciation of tangible fixed assets	213,245	-
Capital grants from DfE	-	(22,326)
Increase in debtors	(51,093)	(77,715)
(Decrease)/increase in creditors	(83,930)	319,606
(Decrease)/increase in provisions	(95,000)	95,000
Defined benefit pension scheme adjustments	(25,000)	(30,000)
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	<u>(244,464)</u>	<u>192,080</u>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	31 August 2013 £	9 months ended 31 August 2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>976</u>	<u>597</u>

**THE DORCAN ACADEMY
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22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	31 August 2013 £	9 months ended 31 August 2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(23,075)	(136,787)
Capital grants from DfE	-	22,326
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(23,075)	(114,461)
	31 August 2013 £	9 months ended 31 August 2012 £
FINANCING		
Other new loans	100,898	-

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	697,504	(165,665)	-	531,839
DEBT:				
Debts due within one year	-	(5,605)	-	(5,605)
Debts falling due after more than one year	-	(95,293)	-	(95,293)
NET FUNDS	697,504	(266,563)	-	430,941

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 he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

25. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2013.

25. PENSION COMMITMENTS (continued)

Contributions amounting to £24,409 were payable to the scheme at 31 August 2013 (2012: 140,508) 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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on

25. PENSION COMMITMENTS (continued)

the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th ; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £207,000, of which employer's contributions totalled £166,000 and employees' contributions totalled £55,000. The agreed contribution rates for future years are 26.4% for employers and 5.5% to 7.5% for employees.

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

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25. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	31 August 2013 £	9 months ended 31 August 2012 £
Present value of funded obligations	(2,353,000)	(1,979,000)
Fair value of scheme assets	1,753,000	1,303,000
	<hr/>	<hr/>
Net liability	(600,000)	(676,000)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows:

	31 August 2013 £	9 months ended 31 August 2012 £
Current service cost	(185,000)	(119,000)
Interest on obligation	(86,000)	(62,000)
Expected return on scheme assets	69,000	45,000
	<hr/>	<hr/>
Total	(202,000)	(136,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	31 August 2013 £	9 months ended 31 August 2012 £
Opening defined benefit obligation	1,979,000	-
Current service cost	185,000	119,000
Interest cost	86,000	62,000
Contributions by scheme participants	55,000	41,000
Actuarial Losses	60,000	127,000
Benefits paid	(12,000)	(2,000)
Liability transferred on conversion	-	1,632,000
	<hr/>	<hr/>
Closing defined benefit obligation	2,353,000	1,979,000
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

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

	31 August 2013 £	9 months ended 31 August 2012 £
Opening fair value of scheme assets	1,303,000	-
Expected return on assets	69,000	45,000
Actuarial gains and (losses)	111,000	(7,000)
Contributions by employer	227,000	166,000
Contributions by employees	55,000	41,000
Benefits paid	(12,000)	(2,000)
Asset transferred on conversion	-	1,060,000
	<u>1,753,000</u>	<u>1,303,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £51,000 gains (2012: £134,000 losses).

The Academy expects to contribute £224,000 to its Defined benefit pension scheme in 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013	2012
Equities	72.00 %	67.00 %
Bonds	15.00 %	19.00 %
Property	10.00 %	11.00 %
Cash	3.00 %	3.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate for scheme liabilities	4.60 %	4.10 %
Expected return on scheme assets at 31 August	5.90 %	4.80 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %

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

	2013	2012
Retiring today		
Males	21.3 years	21.3 years
Females	23.6 years	23.6 years
Retiring in 20 years		
Males	23.3 years	24.9 years
Females	25.5 years	25.5 years

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NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(2,353,000)	(1,979,000)
Scheme assets	1,753,000	1,303,000
Deficit	<u>(600,000)</u>	<u>(676,000)</u>
Experience adjustments on scheme liabilities	(60,000)	(127,000)
Experience adjustments on scheme assets	<u>111,000</u>	<u>(7,000)</u>

26. OPERATING LEASE COMMITMENTS

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
EXPIRY DATE:				
Within 1 year	16,746	16,746	-	1,676
Between 2 and 5 years	-	-	6,273	6,273
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

27. RELATED PARTY TRANSACTIONS

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

No such transactions have occurred during the period.

28. CONTROLLING PARTY

The company is under the joint control of the Governors. There is no ultimate controlling party.