

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

Registered Company No: 07209122

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2018

Members of the Academy Trust

Lt Gen T R Urch CBE (Appointed 8 June 2018)
Lt Gen J Bashall CBE (Resigned 6 July 2018)
Mr Mike Cooper
Lt Gen Sir G Coward KBE CB CGIA
Mr Daren Gregg
Mrs J Lycett
Mrs G Martin

Governors

Mrs G Martin
Brig. M Bazeley
Mr N Bryant (Resigned 7 May 2018)
Mr R Collier
Lt Gen Sir G Coward KBE CB CGIA (Resigned 6 July 2018)
Mr A L Foreman
Mr D Gregg (Resigned 13 December 2017)
Lt Col A Jones (Resigned 13 September 2018)
Mrs J Lycett
Mr A Numm
Mr D Pinel (Resigned 29 January 2018)
Mr L Ridings MBE
Colonel Philip Smith (Resigned 6 July 2018)
Colonel Andy Thorne
Mrs D S Vandeppeer
Mr C Wachter
The Reverend Dr D Coulter CB QHC (Resigned 6 September 2018)
Mr G Bettington (Appointed 27 February 2018, Resigned 14 September 2018)
Mr J Applegate (appointed 6 February 2018)
Mr J Baxter (appointed 18 January 2018)

Company Secretary

Mr A Kent

Principal and Ex-Officio Governor (removed Executive)

Mr A Foreman

Senior Leadership Team:

Principal (removed Executive)	Mr A Foreman
Vice Principal (Curriculum and Learning)	Mr S Haslehurst
Vice Principal (Recruitment and Military)	Mr S Saunderson
Director of Finance and Operations	Mr A Kent
Vice Principal (Health and Welfare)	Mrs A Kehaya (Retired 31 March 2018)
Assistant Principal (Assessment and Intervention)	Mr J Marsh
Assistant Principal (Performance Management and CPD)	Mrs E Dixon
Assistant Principal (Behaviour, Safety & Wellbeing)	Mr S Dowle (appointed 1 April 2018)
Assistant Principal (Pupil Progress)	Mr E Pallant (appointed 1 April 2018)

Company Registration Number

07209122

Principal and Registered Office

Duke of York's Royal Military School, Dover,
Kent, CT15 5EQ

Auditors

haysmacintyre, 10 Queen Street Place, London,
EC4R 1AG

Bankers

Lloyds Bank (Folkestone Branch), PO Box 1000

DYRMS - AN ACADEMY WITH MILITARY TRADITIONS

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Sponsor

The Principal Sponsor of The DYRMS - An Academy with Military Traditions is the Secretary of State for Defence.

Constitution

DYRMS – An Academy with Military Traditions is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Governors of DYRMS – An Academy with Military Traditions are also the Directors of the charitable company for the purposes of company law and the Trustees for the charitable activities. In addition there are six Members of the Academy Trust, two of which are also Governors, as indicated on page [1]. The charitable company is known as The Duke of York's Royal Military School. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page [1].

Members' Liability

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

Trustees' Indemnities

Trustees and Governors are covered by professional indemnity insurance for failings arising from the performance of their duties that may lead to civil liability. There are no other third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

Principal Activities

The principal activity of the Academy is to provide education to students from 11 to 18 in an all boarding environment.

Method of Recruitment and Appointment or Election of Governors

The number of Governors must not be less than three but is not subject to any maximum. The sponsors may appoint up to nine Governors, the local authority may appoint one Governor, and there is a provision for parent and staff Governors to be appointed, along with the Principal of the Academy.

The Governors are elected at a full Governors' Meeting on the basis of their eligibility, personal competence, specialist skills and local availability.

Policies and Procedures Adopted for the Induction and Training of Governors

New Governors are inducted into the workings of the Academy, and also the requirement of the Academy being a Company and exempt Charity. A number of Governors have attended professional training courses in the year to allow them to fulfil their duties efficiently, for example, Headteacher Appraisal and Performance Related Pay, The Equality Act 2010: Governors' Responsibilities, Be Prepared and Knowledgeable for Ofsted, Prevent – Your Duty, an Update, Managing Parental Complaints, Safer Recruitment, The Role of Governors in Panel Hearings, The Role of Governors in Ensuring Gender Variant Children and Young People are Supported, The Governing Role in Safeguarding, Clerks' Briefings and network group meetings, Kent Governance Association assembly, as well as completing online training modules in Prevent, FGM and Forced Marriage. The Academy joined the Kent County Council's Kent Governor Training Services programme in May 2017 which works strategically with governing bodies to help them lead their schools to improve and reach outstanding and good status through a professional programme of training, advice and support. The Chairman of Governors has completed a leadership development programme with the National College for Teaching & Learning.

Organisational Structure

The management structure consists of the Governors and Governors' Committees (Business, Education, Audit, Staff Matters and Health and Welfare) and the Senior Leadership Team. The Governors are responsible for setting the general policy, adopting an annual budget, monitoring performance and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

DYRMS - AN ACADEMY WITH MILITARY TRADITIONS

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Academies Financial Handbook states that the Academy must publish: the structure and remit of the members, board of trustees, its committees and local governing bodies (the trust's scheme of delegation for governance functions) and the full names of the chair of each. Whilst the School has this document on its website and it covers all other compliance areas for governance, a Scheme of Delegation document was not evident. The Clerk has now prepared a Scheme of Delegation and sought approval of the Chairman of Governors and the Principal with discussion at the Full Board meeting on 18 September 2018. The Scheme of Delegation details which functions have been delegated and to whom. It will help ensure that members (trustees), trustees (governors), committees and individuals are clear about who has responsibility for making which decisions in the trust.

The Senior Leadership Team consists of the Principal, two Vice Principals, four Assistant Principals and the Director of Finance and Operations. They control the Academy at an executive level and implement the policies set by the Governors and report back to them.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel are performance managed by the Principal in line with the School's performance management system. The School's performance management system establishes agreed key performance objectives linking in to the School Improvement Plan (SIP) with the characteristics of success considered at the outset. Continual review against these objectives and progress against the SIP informs an overall assessment of performance at the end of the review period and determines pay progression in accordance with the Governors Pay and Rewards Policy. The Principal is performance managed, within the same framework, by the Governors.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period:	Full-time equivalent employee number:
2	2

Percentage of time spent on facility time

Percentage of time:	Number of employees:
0%	0
1%-50%	2
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£2,513
Total pay bill	£6,585,564
Percentage of the total pay bill spent on facility time	0.04%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Related Parties and other Connected Charities and Organisations

During the previous period the Academy Trust participated in a collaborative working arrangement with Dover Federation for the Arts Multi-Academy Trust who were also a related party, as explained in note 25 of these financial statements. The collaboration sought to share experiences and working practices for the benefit of all the schools. This arrangement did not determine policy for either of the Academies but the experiences shared might help to improve policies and procedures at either Academy Trust.

DYRMS - AN ACADEMY WITH MILITARY TRADITIONS

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object as set out in the Memorandum and Articles of Association is the operation of The DYRMS – An Academy with Military Traditions to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to Science, Sport, Physical and Outdoor Education.

Vision

Based on a strong military tradition, we develop positive values of loyalty, integrity, courage, discipline, respect and selfless commitment in a growing close-knit community.

Objectives, Strategies and Activities

Academy Values

Our military heritage, competitive boarding fees and pastoral care has made us the state boarding school of first choice for service personnel from all three services, and we remain at the forefront of educational excellence, preparing pupils from all backgrounds for the next steps in their young lives:

- We will build on our already excellent academic record.
- We will develop each and every child, their character and resilience - and offer them life skills and leadership opportunities: developing citizens and preparing them for adult life.
- We will offer outstanding pastoral care - and be a home from home to the children - especially those of military families whose lives are so often disrupted by the demands of their parents' service in the Armed Forces. Full boarding provision - which stands us apart from most independent schools - will play a big part in this, making us a favourable option for those Service parents entitled to claim Continuity of Education Allowance.
- We will combine the unique and special ingredients of education, military, faith and sport.

Academic Objectives

Our Key Academic Objectives are:

- Key Stage 3: 75% of students make age related progress in all subjects (except reading 70%).
- Key Stage 4: 80% of students achieve their targets.
- Key Stage 5: 75% of students achieve their targets.
- 50% of students achieve a level 5 or higher in both GCSE Mathematics and English.
- All students to achieve to, and beyond, their projected potential and no student is classed as a NEET on leaving the School.
- Pupil/Service Premium students to perform at a level no less than their peers.
- Maintain an Ofsted grading of Good at the 2017-2018 inspection with the goal of ultimately moving towards Outstanding.

Business Objectives

Our key business objectives are:

- Manage resources efficiently and effectively, maintaining downward pressure on costs.
- Secure annual surpluses of 8% on boarding turnover, 8% on unrestricted funds and 2% on educational funding for future inward investment.
- Maximise MOD's Grant in Aid support.
- Maintain competitive value for money boarding fees.
- Continue to pay staff fair rates in accordance with national and county guidelines.
- Make better use of improved infrastructure to maximise income generation.
- Manage focussed investment in scholarships and bursaries to support student number retention and growth.
- Stimulate cost-effective marketing activities that can demonstrate and facilitate growth in student numbers and greater awareness of what The Duke of York's Royal Military School is and what it offers.

OBJECTIVES AND ACTIVITIES (continued)

Key Strategies

The following strategies will be pursued by the Academy:

- Maintain and develop an effective Governing Body.
- Progressively expand the School towards 600 students.
- Continuously improve leadership, teaching and learning, assessment standards and the management of boarding, health and welfare and safety (as set out in the SIP).
- Invest in all staff; enhancing professional development, career progression and personal satisfaction/ morale.
- Enhance the boarding offer in order to attract more entrants from all possible markets.
- Preserve the School's ethos and heritage as our Unique Selling Point.
- Market the School to military families and all other families who value and wish to protect our ethos.

School Improvement Plan

In order to achieve the stated Strategic Plan outcomes, the following SIP priorities and plans will be pursued and reviewed annually by the Governing Body:

- Leadership of the School is strengthened at all levels: senior leaders, middle leaders and Governors, so that all leaders take responsibility for improving student outcomes and that their areas of responsibility are monitored effectively and strategically.
- Standards of Teaching & Learning are raised to ensure that all lessons are at least 'Good' with a minimum of 30% being 'Outstanding'.
- Quality and accuracy of assessment is consistent and strong across the whole School. All teachers provide accurate and informative feedback to students on their work so that each student is clear about how to improve and how to respond instantly.
- Growing the School in student numbers towards and beyond 600 remains a focus, particularly with regard to sustaining a strong and attractive 6th form.
- Boarding, Health and Welfare and Safety achieve the highest standards, exceeding the requirements of all external agencies and being attractive to all families seeking the best boarding school for their children.

Public Benefit

The Governing Body confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charitable company.

STRATEGIC REPORT

Achievements and Performance

Key Performance Indicators

In 2018, 61% (2017: 60% 2016: 76%, 2015: 52%) of students achieved 5 GCSE (or equivalent) A*-C (9-4) passes including English and Maths. On the Progress 8 performance measure, the School is predicted to achieve an impressive +0.30 (2017: +0.24 but -0.13 without ECDL). At A2, 60% of entries were awarded A*-C grades (2017: 44%, 2016: 47.8%, 2015: 46.5%). Students average a grade C at A level, an improvement from grade D in 2017. The value added measure for Key Stage 5 is predicted to be in line with national averages. University entry for 2018 has again been confirmed with all students wishing to attend University being successful at gaining a place. The vast majority of whom gained their first choice University.

The School Leadership Team and Academic Leadership Group have focussed on accurate assessment of lessons with constructive feedback for improvement. This has been through the full monitoring and evaluation schedule which was confirmed by OFSTED in April 2018 when they said "Senior and middle leaders have made high-quality teaching and learning the key priority, raising teachers' aspirations of what pupils can do and achieve. As a result, current pupils in all year groups and across subjects are making faster progress."

Going Concern

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

FINANCIAL REVIEW

The Academy has two main sources of income; the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular academic purposes; and boarding fees with funds being used for boarding related costs. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as part of the general restricted funds in the Statement of Financial Activities. The boarding fees and related expenditure are also included in this restricted fund. The Academy also receives grant-in-aid income from its sponsor, the Ministry of Defence (MoD) and this income and expenditure is shown as restricted funds – Military in the Statement of Financial Activities.

Reserves Policy

Governors plan to establish an initial reserve equal to carry forward reserves on the restricted education fund of 2% (currently 1.47%; prior year 1.02%), on the restricted boarding fund of 8% (currently 6.34%; prior year 0.78%) and on the unrestricted fund of 8% (currently 6.40%; prior year 35.0%). The monetary level of reserves should therefore total £587,115 (on current year turnover) with actual reserves on these funds totalling £461,952. This reserves policy was established in 2017 with a 3 year plan to achieve it by 31 August 2019.

Concerns regarding the recoverability of the sales ledger (parental debt for the cost of board and lodging) and the financial risk and impact of realising the cost of debt turning bad has been recognised by Governors. Since 2017, together with the generation of reserves in line with this policy, a more prudent, risk based, approach to bad debt provision has been adopted. Governors recognise that all parental debt older than the current term is at risk of being irrecoverable and wish to establish a provision to address the impact of debt turning bad. The year end provision of £347,792 represents 100% coverage against debt falling outside of the current term (prior year £337,411, 93%).

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GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

FINANCIAL REVIEW (continued)

The School Estate and Infrastructure has been recognised as a long term risk; a 150 acre, grade 2 listed site located in an exposed location will inherently require high levels of pre-planned preventative and reactive maintenance. Governors, intend to maximise the revenue budgets available to address works identified in a building condition survey (carried out Winter 2017/18) whilst delivering the reserves target set in 2017, by 31 August 2019. Significant plant or building failure can currently be temporarily absorbed within the surplus capacity which the School has however resources to replace or repair may need to be funded from reserves or cuts in other revenue budgets as resources are reallocated.

The Academy held fund balances of £31,557,123 at 31 August 2018 (2017: £31,687,978) comprising £48,990 (2017: £36,090) of restricted education funds, £381,377 (2017: £46,587) of restricted boarding funds, £34,256,660 (2017: £35,081,745) of restricted fixed asset funds, the value of which can only be realised on disposal of any fixed assets, £24,138 (2017: £24,138) of restricted legacy funds, £30,373 (2017: £10,870) of restricted Dukies' Foundation funds, £NIL of restricted Ministry of Defence funds (2017: £NIL), £31,585 (2017: £169,548) of unrestricted funds and £3,216,000 (2017: £3,681,000) deficit on the pension reserve.

The School currently has a deficit on its defined benefit pension scheme (Local Government Pension Scheme), the next actuarial valuation is at 31 March 2019 with a revised contribution rate from April 2020, any deterioration of the funding position and subsequent increase in employer pension contributions will need to be funded by reductions to other revenue budgets and increases in the charges to parents for the cost of board and lodging. Significant increases in the employer contribution rate for the Teachers' Pension Scheme will result in reducing budgets for educational resources including staffing.

The balance of restricted funds (excluding the Fixed Assets Funds and Pension Reserve) and unrestricted funds at the 31 August 2018, as set out in note 16 of the financial statement is £516,463 (2017: £287,233) showing a net increase in those reserves of £229,230.

Investment Policy

The Academy operates an investment policy that minimises risk whilst maintaining access to funds by earning interest on its bank deposits.

Financial and Risk Management Objectives and Policies

The objective of the risk management approach taken by the Governing Body is to identify and assess the level of risk both financial and non-financial of various areas of operation, providing a weighted risk level score. Key responsibilities are set to ensure the likelihood and/or impact of these events on the operation is kept to a tolerable level. The Governing body reviews the risks at each meeting of the full Governing Body, Business Committee and Audit Committee. Key financial risk areas around cash and budgeting are monitored more frequently by the Director of Finance and Operations.

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GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal Risks and Uncertainties

The Academy has a number of internal control policies including financial, operational and risk management to ensure the assets of the Academy are protected. The risk register has highlighted some areas of potential risk are:

Government Funding:

The Academy has significant reliance on continued government funding through the ESFA. In the current year 43% (2017: 43%) of the Academy's revenue was ultimately publicly funded and this level of requirement is expected to continue. There can be 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.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the Academy is rigorous in delivering high quality education and pastoral care
- Development of business activity to generate unrestricted reserves
- Emphasis is placed on maintaining and managing key relationships with the ESFA and MoD

Change in MoD Policies:

As a result of the considerable reduction in the funding of the MoD there has been and will continue to be significant change in the policies relating to the education of the children of serving personnel. Currently a large proportion of the parents who send their children to the Academy are eligible to claim the Continuity of Education Allowance (CEA) for mobile personnel. CEA has been subject to review and, whilst this right was protected, there is promised to be a tightening of the rules of eligibility. In addition, the Strategic Defence Spending Review resulted in the need for redundancies across all three Armed Services as well as significantly less mobile units leading to reduced eligibility for CEA.

To reduce exposure to one particular market, in this case the Military, the School plans to diversify the customer base to reflect a broader range of backgrounds; this will be achieved through the continued improvement in academic outcomes and effectively marketing the strength of pastoral care and extra-curricular activity.

Reputation:

Any fee paying school needs to protect and enhance its reputation by offering the best experience to students. To this end the Academy has engaged PR specialists and developed a strategy to communicate with all stakeholders.

The Governors have assessed the major risks to which the Academy is likely to be exposed, in particular those relating to the specific provision of facilities and other operational areas of the Academy and its finances. The Governors have put in place systems to mitigate the identified risks and will continue to review the risks to which the Academy is exposed.

Fundraising:

The Academy has not made any fundraising appeals to the general public during the year. There has been no outsourced fundraising via professional fundraisers or other third parties. As a result the Academy is not registered with the fundraising regulator and did not receive any fundraising complaints in the year.

DYRMS - AN ACADEMY WITH MILITARY TRADITIONS

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

FINANCIAL REVIEW (continued)

PLANS FOR FUTURE PERIODS

The Academy will continue to improve the levels of attainment of all pupils at all levels and ensure all staff are adequately trained to provide the best teaching and support possible. It is also committed to improve recruitment and retention of pupils with the long term aim of 700 pupils being the target.

AUDITOR

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' report, incorporating a strategic report, was approved by order of the members of the Governing Body on

... *20 December 2018* and signed on the board's behalf by:

G Martin

G Martin, Chairman of Governors

DYRMS - AN ACADEMY WITH MILITARY TRADITIONS

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of Responsibility

As Governors we acknowledge we have overall responsibility for ensuring that DYRMS – An Academy with Military Traditions 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 Governing Body has delegated the day-to-day responsibility to the Principal 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 DYRMS – An Academy with Military Traditions and the Secretary of State for Education. The Governing Body is 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 Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
G Martin (Chairman)	4	4
J Applegate (appointed 6 February 2018)	2	2
J Baxter (appointed 18 January 2018)	2	2
M Bazeley	3	4
G Bettington (appointed 27 February 2018, resigned 14 September 2018)	1	2
N Bryant (resigned 7 May 2018)	1	3
R Collier	3	4
G Coward (resigned 6 July 2018)	3	4
D Coulter (resigned 6 September 2018)	4	4
A Foreman	4	4
D Gregg (resigned 13 December 2017)	0	2
A Jones (resigned 13 September 2018)	0	4
J Lycett	4	4
A Nunn	4	4
D Pinel (resigned 29 January 2018)	0	2
L Ridings	2	4
P Smith (resigned 6 July 2018)	4	4
A Thorne	4	4
D Vandeppeer	3	4
C Wachter	3	4

The Audit Committee, the Business Committee, the Education Committee, the Health and Welfare Committee and the Staff Matters Committee are sub-committees of the main Governing Body.

The Audit Committee's purpose is to assist the Full Board of Governors in fulfilling its responsibilities on the adequacy and effectiveness of the Academy's systems of internal control, its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money). It will also advise the Academy on the audit strategy and annual internal audit plans for the internal audit service. Since the requirement for an Audit Committee has been removed, Governors have consolidated the Audit Committee in to the Business Committee with the Responsible Officer reporting to each meeting.

The Business Committee's purpose is to assist the Full Board of Governors in fulfilling its responsibilities for all budgeting, financial and business matters of the Academy, through oversight of the Academy's accounting and financial practices, and its business plans, and effective delivery of those plans. It is also to ensure the Academy operates within the law and reports effectively and in a timely manner to all required external authorities. The Business Committee has recently established a working party to discuss the School's marketing strategy with a focus on analysing enquiry/lead and conversion data.

The Education Committee's purpose is to assist the Full Board of Governors in fulfilling its responsibility to support and

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GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

challenge the Academy’s academic and non-academic curriculum of the pupils attending the Academy.

The Health and Welfare Committee’s purpose is to assist the Full Board of Governors in fulfilling its responsibility to support the arrangements for the pastoral care, including welfare and discipline, of the pupils attending the Academy.

The Staff Matters Committee’s purpose is to assist the Full Board of Governors in fulfilling its responsibility to determine and agree the framework and policy for the structure, remuneration and performance management of all employed staff.

Attendance at meetings in the year was as follows:

Governor (Audit Committee)	Meetings attended	Out of a possible
L Ridings (Chair)	3	3
J Applegate	1	2
A Foreman	2	3
D Gregg	0	1
J Lycett	1	3
G Martin	2	3
A Nunn	1	1
P Smith	3	3
C Wachter	3	3

Governor (Business Committee)	Meetings attended	Out of a possible
J Lycett (Chair)	2	3
J Baxter	2	2
M Bazeley	1	3
G Coward	3	3
A Foreman	3	3
G Martin	3	3
P Smith	3	3

Governor (Education Committee)	Meetings attended	Out of a possible
L Ridings (Chair)	2	3
N Bryant	2	2
R Collier	2	3
A Foreman	3	3
G Martin	3	3
A Nunn	2	3
D Pinel	0	1
D Vandeppeer	3	3

Governor (Health and Welfare Committee)	Meetings attended	Out of a possible
A Thorne (Chair)	2	3
G Bettington	0	1
D Coulter	2	3
A Foreman	3	3
A Jones	0	1
D Pinel	0	1
C Wachter	1	3

Governor (Staff Matters Committee)	Meetings attended	Out of a possible
J Lycett (Chair)	2	2
A Foreman	2	2
G Martin	2	2

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GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

Governance reviews

Governors take part in two Strategy Days each year typically held in January and September. Topics covered in the Strategy Day range from group sessions to cover the Academy's School Improvement Plan; the Future Operating Model; Examination Analysis (standards and assessment); the Governors' Strategic Plan review together with a review of its governance structure; Academy priorities together with leadership and management roles and responsibilities; External Review of Governance (undertaken in March 2017).

Key priorities, are included in the School Improvement Plan. Governors undertake a yearly Skills Audit analysis with the findings discussed at the Full Board, typically in December each year. A Scheme of Delegation has recently been implemented which reinforces clear areas of responsibility.

GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of Value for Money

As Accounting Officer, the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- **Procurement**

DYRMS maintains an internal schedule of purchase ordering limits including the control on transaction limits. During the year several large purchase orders for capital repair work were placed; to ensure that best value was achieved on these contracts the School engaged the services of a qualified surveyor and project manager, any variations from contract are restricted in price to the 'schedule of rates'.

- **New operating model**

During the year a full review of the School's operating model was carried out with implementation at the start of the 2018/19 academic year. Some of the headline findings of this review and their contribution towards adding value include: moving to a one week time table, restructuring the academic faculty structure to clearly define departments and responsibilities and a review of the boarding house support staff hours of work to match the student need in line with the new timetable.

The new structure of the boarding houses to incorporate greater flexibility in the accommodation of students has allowed the school to grow more efficiently and negate the need to open additional boarding capacity, and incur the associated costs, any sooner than is absolutely necessary.

- **Debt recovery**

The School is exposed to the risk of parental charges for board and lodging not being settled. Whilst it may initially be considered necessary to pursue all debts at all costs, an internal process has been developed to help inform recovery.

GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy's 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 Academy for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2018 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 Governing Body;
- regular reviews by the Business 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 Governing Body considered the need for a specific internal audit function and decided to appoint haysmacintyre to undertake termly internal audit checks of processes and transactions. Reports were provided to the Audit Committee. haysmacintyre's remit includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- inspection of a sample of transaction records for items going through the purchasing system to ensure compliance with best practice and internal processes;
- payroll reviews to ensure appropriate contract documentation is prepared and payment is consistently made and correctly approved;
- reviews of key balance sheet reconciliations (including but not limited to) bank accounts, VAT control accounts, wages and wage associated control accounts, sales and purchase ledgers, fixed asset control accounts.

On a termly basis haysmacintyre reports to the Governing Body, through the Audit Committee and now tabled at the Business Committee, on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. There have been no material concerns raised during the period. The Audit Committee has also overseen the preparation of these accounts.

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of Effectiveness

As Accounting Officer, the Principal 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 haysmacintyre as reviewers;
- the work of the external auditor;
- 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 Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on *20 December 2018* and signed on its behalf by:



.....
G Martin, Chairman of Governors



.....
A Foreman, Accounting Officer

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of DYRMS – An Academy with Military Traditions I have considered my responsibility to notify the Academy's Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy's Governing Body 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 2017.

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



A Foreman
Accounting Officer

Date: 20 December 2018

DYRMS - AN ACADEMY WITH MILITARY TRADITIONS

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors of DYRMS - An Academy With Military Traditions (who act as Trustees for the charitable activities of the charitable company and are also the directors of the Charitable Company for the purposes of company law), are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

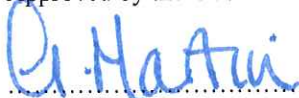
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Governors on *20 December* 2018 and signed on its behalf by:



G Martin
(Chairman)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

We have audited the financial statements of of DYRMS – An Academy with Military Traditions for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DYRMS – AN ACADEMY WITH MILITARY TRADITIONS**

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Use of our report

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tracey Young (Senior Statutory Auditor)
for and behalf of

haysmacintyre
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 21 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF DYRMS – AN ACADEMY WITH MILITARY TRADITIONS AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 5 October 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by DYRMS – An Academy with Military Traditions during the year ended 31 August 2018 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 DYRMS – An Academy with Military Traditions and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to DYRMS – An Academy with Military Traditions and the ESFA those matters we are required to state to it 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 DYRMS – An Academy with Military Traditions and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of DYRMS – An Academy with Military Traditions' Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of DYRMS – An Academy with Military Traditions funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2017, 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 able to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. 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 ended 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

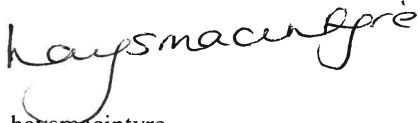
The work undertaken to draw to our conclusion includes:

- Assessment of the control environment operated by the Academy.
- Walkthrough testing of controls to ensure operational effectiveness.
- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised.
- Detailed testing on a selection of credit card statements and expense claims.
- Review of minutes, bank certificates and related party declarations provided by Governors and senior management.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF DYRMS – AN ACADEMY WITH MILITARY TRADITIONS AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

In the course of work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



haysmacintyre
Reporting Accountant
10 Queen Street Place
London
EC4R 1AG

21 December 2018

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted £	General £	Restricted Funds Military £	Fixed assets £	Total 2018 £	Total 2017 £
Income from:							
Donations and capital grants	3	-	108,145	144,176	-	252,321	56,798
Other trading activities	4	463,045	49,108	-	-	512,153	554,495
Investments	5	664	-	-	-	664	823
Charitable activities:							
<i>Funding for the Academy's educational operations</i>	6	-	3,334,252	1,502,094	-	4,836,346	4,807,603
<i>Boarding fees</i>	26	-	5,955,760	-	-	5,955,760	5,803,559
<i>Other educational</i>		29,816	-	-	-	29,816	60,199
Total		<u>493,525</u>	<u>9,447,265</u>	<u>1,646,270</u>	<u>-</u>	<u>11,587,060</u>	<u>11,283,477</u>
Expenditure on:							
Raising funds:							
<i>Trading expenditure</i>		29,816	-	-	-	29,816	29,492
Charitable activity:							
<i>Academy's operating costs</i>	8	221,672	9,965,077	1,502,094	1,009,256	12,698,099	12,755,550
Total	7	<u>251,488</u>	<u>9,965,077</u>	<u>1,502,094</u>	<u>1,009,256</u>	<u>12,727,915</u>	<u>12,785,042</u>
Net income/(expenditure) before transfers							
		242,037	(517,812)	144,176	(1,009,256)	(1,140,855)	(1,501,565)
Gross transfers between funds		(380,000)	340,005	(144,176)	184,171	-	-
Net (expenditure) for the year		<u>(137,963)</u>	<u>(177,807)</u>	<u>-</u>	<u>(825,085)</u>	<u>(1,140,855)</u>	<u>(1,501,565)</u>
Other recognised gains and losses							
Actuarial gain on defined benefit pension schemes	24	-	1,010,000	-	-	1,010,000	1,071,000
Net movement in funds		<u>(137,963)</u>	<u>832,193</u>	<u>-</u>	<u>(825,085)</u>	<u>(130,855)</u>	<u>(430,565)</u>
Reconciliation of funds							
Total funds brought forward		<u>169,548</u>	<u>(3,563,315)</u>	<u>-</u>	<u>35,081,745</u>	<u>31,687,978</u>	<u>32,118,543</u>
Total funds carried forward		<u><u>31,585</u></u>	<u><u>(2,731,122)</u></u>	<u><u>-</u></u>	<u><u>34,256,660</u></u>	<u><u>31,557,123</u></u>	<u><u>31,687,978</u></u>

All of the Academy's activities derive from continuing operations during the financial year.

The accompanying notes form part of these accounts.

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		34,288,696		35,147,541
Current assets					
Stock	13	8,340		35,998	
Debtors	14	2,998,398		2,800,890	
Cash at bank and in hand		768,551		829,296	
			3,775,289		3,666,184
Creditors: amounts falling due within one year	15	(3,290,862)		(3,444,747)	
Net current assets			484,427		221,437
Total assets less current liabilities			34,773,123		35,368,978
Net assets excluding pension scheme Liability			34,773,123		35,368,978
Pension scheme liability	25		(3,216,000)		(3,681,000)
Net assets including pension scheme liability			31,557,123		31,687,978
Funds of the academy:-					
Restricted funds					
General Funds	16		48,990		36,090
Pension Reserve	16		(3,216,000)		(3,681,000)
Boarding Fund	16,27		381,377		46,587
Neville Paine Fund	16		24,138		24,138
The Dukies' Foundation	16		30,373		10,870
Military Fund	16		-		-
Restricted Fixed Asset Fund	16		34,256,660		35,081,745
Total restricted funds			31,525,538		31,518,430
Unrestricted funds					
General fund	16		31,585		169,548
Total unrestricted funds			31,585		169,548
Total funds			31,557,123		31,687,978

The financial statements were approved and authorised for issue by the Board of Governors on *20 December* 2018 and signed on its behalf by



 G Martin (Chairman)

The accompanying notes form part of these accounts.

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
Cash inflows from operating activities	20	122,762	183,764
Cash (outflows)/ inflows from investing activities	21	(183,507)	823
Change in cash and cash equivalents in the reporting period		<u>(60,745)</u>	<u>184,587</u>
Cash and cash equivalents at 1 September 2017		829,296	644,709
Cash and cash equivalents as at the 31 August 2018	22	<u>768,551</u>	<u>829,296</u>

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

DYRMS – An Academy with Military Traditions meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

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

- **Grants receivable**

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

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

- **Donations**

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

- **Other income**

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, 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 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 Trust's depreciation policy.

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

Fixtures, fittings and equipment	- 20%
ICT equipment	- 33%
Equipment – School	- 33%
Motor Vehicles	- 25-33%
Leasehold Property	- Over 50 years
Leasehold Property Improvements	- 2%

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

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

Stock

Stocks are valued at the lower of costs and net realisable value. Provision is made for obsolete and slow-moving items.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Debtors

Fee and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Liabilities

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

Financial instruments

The School only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Leased assets

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

Taxation

The Academy Trust is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education, sponsors and other funders where the asset acquired or created is held for a specific purpose.

Restricted funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency, Department for Education, sponsors and boarding fees.

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. General Annual Grant (GAG)

Under the Funding Agreement with the Secretary of State the Academy was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2018.

3. DONATIONS AND CAPITAL GRANTS	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Capital grants	-	144,176	144,176	-
Kent County Council	-	508	508	100
Dukies Foundation	-	101,158	101,158	45,748
Other donations	-	6,479	6,479	10,950
	<u>-</u>	<u>252,321</u>	<u>252,321</u>	<u>56,798</u>

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £	
Lettings and function income	322,185	-	322,185	288,162	
Staff rental income	130,863	-	130,863	122,470	
Extras income	-	48,908	48,908	123,828	
Acceptance fee	-	200	200	7,309	
Other income	9,997	-	9,997	12,726	
	<u>463,045</u>	<u>49,108</u>	<u>512,153</u>	<u>554,495</u>	
	<u><u>463,045</u></u>	<u><u>49,108</u></u>	<u><u>512,153</u></u>	<u><u>554,495</u></u>	
5. INVESTMENT INCOME	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £	
Short term deposit interest	664	-	664	823	
	<u>664</u>	<u>-</u>	<u>664</u>	<u>823</u>	
	<u><u>664</u></u>	<u><u>-</u></u>	<u><u>664</u></u>	<u><u>823</u></u>	
6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS	Academic £	Restricted Funds Military £ Fixed Asset £		Total 2018 £	Total 2017 £
Department for Education (DfE)/ Education and Skills Funding Agency (ESFA) revenue grants					
General Annual Grant (GAG) (note 2)	3,334,252	-	-	3,334,252	3,541,258
	<u>3,334,252</u>	<u>-</u>	<u>-</u>	<u>3,334,252</u>	<u>3,541,258</u>
	<u><u>3,334,252</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,334,252</u></u>	<u><u>3,541,258</u></u>
Other Government grants					
School Standards Fund	-	-	-	-	20,335
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,335</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>20,335</u></u>
Other grants					
Ministry of Defence Military Ethos	-	1,502,094	-	1,502,094	1,246,010
	<u>-</u>	<u>1,502,094</u>	<u>-</u>	<u>1,502,094</u>	<u>1,246,010</u>
	<u><u>-</u></u>	<u><u>1,502,094</u></u>	<u><u>-</u></u>	<u><u>1,502,094</u></u>	<u><u>1,246,010</u></u>
	<u><u>3,334,252</u></u>	<u><u>1,502,094</u></u>	<u><u>-</u></u>	<u><u>4,836,346</u></u>	<u><u>4,807,603</u></u>

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

7. EXPENDITURE	Staff costs £	Non Payroll Premises £	Expenditure Other Costs £	Total 2018 £	Total 2017 £
<i>Raising funds:</i>					
- Trading expenses	-	-	29,816	29,816	29,492
<i>Academy's operating costs</i>					
- Direct costs	6,168,558	-	1,142,041	7,310,599	7,548,893
- Allocated support costs	545,000	3,907,537	934,963	5,387,500	5,206,657
	<u>6,713,558</u>	<u>3,907,537</u>	<u>2,077,004</u>	<u>12,698,099</u>	<u>12,755,550</u>
	<u>6,713,558</u>	<u>3,907,537</u>	<u>2,106,820</u>	<u>12,727,915</u>	<u>12,785,042</u>
				£	£
Net income/(expenditure) for the year include:					
Operating leases – other				116,956	106,028
Depreciation				1,043,016	1,059,816
Fees payable to auditor – audit				14,676	11,900
- other services				3,876	4,000
				<u>1,178,464</u>	<u>1,181,744</u>

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Unrecoverable debts	59,684	13,917	Irrecoverable board and lodging charges
		10,462	Irrecoverable board and lodging charges
		10,379	Irrecoverable board and lodging charges
		7,987	Irrecoverable board and lodging charges
		5,224	Irrecoverable board and lodging charges
	<u>59,684</u>		

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

8. CHARITABLE ACTIVITY - Academy's operating costs

	Unrestricted		Restricted Funds		Total 2018 £	Total 2017 £
	Funds £	General £	Military £	Fixed asset £		
Direct teaching costs						
Teaching and educational support staff costs	-	2,694,750	-	-	2,694,750	2,822,713
Agency	-	101,774	-	-	101,774	115,660
Educational supplies	-	185,066	-	-	185,066	231,514
Staff development	-	23,158	-	-	23,158	22,485
	-	3,004,748	-	-	3,004,748	3,192,372
Direct boarding costs						
Staff costs	11,001	2,783,499	-	-	2,794,500	2,811,306
Catering	88,188	503,223	-	-	591,411	636,220
Agency costs	2,020	1,200	-	-	3,220	39,151
Staff development	-	12,689	-	-	12,689	11,001
Provision for doubtful debts	-	101,339	-	-	101,339	266,136
Medical Centre	-	38,182	-	-	38,182	38,322
Boarding fee remission	-	20,964	-	-	20,964	6,022
	101,209	3,461,096	-	-	3,562,305	3,808,158

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

8. CHARITABLE ACTIVITY – Academy’s operating costs (continued)

	Unrestricted	Restricted Funds			Total	Total
	Funds	General	Military	Fixed asset	2018	2017
	£	£	£	£	£	£
Direct other costs						
Staff costs	-	-	551,314	-	551,314	339,482
Guarding	-	-	127,814	-	127,814	125,229
Grand Day costs	-	-	41,418	-	41,418	50,157
Agency costs	-	-	23,000	-	23,000	33,495
	-	-	743,546	-	743,546	548,363
Allocated support costs						
Pension scheme costs relating to support staff	-	454,000	-	-	454,000	441,000
Local Government pension scheme finance costs	-	91,000	-	-	91,000	89,000
Depreciation	33,760	-	-	1,009,256	1,043,016	1,059,816
Recruitment	-	14,748	-	-	14,748	24,339
Maintenance of premises and equipment	17,196	570,201	677,244	-	1,264,641	1,181,913
Facilities management	6,895	716,794	-	-	723,689	598,404
Cleaning	5,359	128,970	-	-	134,329	130,476
Light and heat	3,820	387,531	-	-	391,351	382,464
Rent and rates	8,303	317,726	-	-	326,029	250,015
Insurance	-	9,734	-	-	9,734	19,848
Events and functions	17,836	57,007	1,964	-	76,807	86,365
Professional fees	182	32,576	56,927	-	89,685	121,778
Stationery and postage	-	127,080	125	-	127,205	124,415
IT and phone	-	235,405	-	-	235,405	245,516
Vehicle expenses and travel	200	78,998	6,182	-	85,380	116,613
Subscriptions and licences	-	11,468	-	-	11,468	14,853
Other support costs	3,464	133,273	-	-	136,737	105,324
Marketing and advertising	1,752	100,444	16,106	-	118,302	164,113
Stores	21,696	12,444	-	-	34,140	33,511
Governance costs	-	19,834	-	-	19,834	16,894
Total support costs	120,463	3,499,233	758,548	1,009,256	5,387,500	5,206,657
Total charitable activity	221,672	9,965,077	1,502,094	1,009,256	12,698,099	12,755,550

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS	2018 £	2017 £
Staff costs during the year were:		
Wages and salaries	4,845,918	4,786,432
Social Security costs	479,648	480,711
Pensions costs	1,259,998	1,236,358
	<u>6,585,564</u>	<u>6,503,501</u>
Agency staff costs	127,994	188,306
	<u>6,713,558</u>	<u>6,691,807</u>

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

	No.	No.
Charitable activities		
Teachers	57	59
Administration and support	101	100
Management and support	7	5
	<u>165</u>	<u>164</u>

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

£60,001 - £70,000	2	-
£70,001 - £80,000	3	5
£100,000 - £110,000	1	-
	<u>6</u>	<u>5</u>

Four of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £49,279 (2017: £34,018, Four employees). Two employees participated in the Local Government Pension Scheme, pension contributions amounted to £25,303 (2017: £14,369, one).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £652,847 (2017: £566,520).

10. GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of the Governors' remuneration was as follows:

	2018 £	2017 £
D Vandepier (Staff Governor)		
Remuneration	£55,000 - £60,000	£50,000 - £55,000
Employer's pension contribution	£5,000 - £10,000	£5,000 - £10,000
A Foreman (Principal and Governor)		
Remuneration	£100,000 - £105,000	£65,000 - £70,000
Employer's pension contributions	£15,000 - £20,000	£10,000 - £15,000

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,281 was reimbursed to 3 Governors (2017: £994, 2 Governors).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim. It is not possible to split out the cost of this insurance from the premium.

12. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Leasehold Property £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 31 August 2017	34,000	37,383,010	1,838,390	516,825	48,224	39,820,449
Additions	-	-	184,171	-	-	184,171
At 31 August 2018	34,000	37,383,010	2,022,561	516,825	48,224	40,004,620
Depreciation						
At 31 August 2017	4,080	2,808,729	1,297,572	514,303	48,224	4,672,908
Charged in period	680	755,326	285,230	1,780	-	1,043,016
At 31 August 2018	4,760	3,564,055	1,582,802	516,083	48,224	5,715,924
Net Book Value						
At 31 August 2018	29,240	33,818,955	439,759	742	-	34,288,696
At 31 August 2017	29,920	34,574,281	540,818	2,522	-	35,147,541

13. STOCK

	2018 £	2017 £
Stock	8,340	35,998

14. DEBTORS

	2018 £	2017 £
Trade debtors	1,522,058	1,596,678
Other debtors	1,121,707	835,612
Prepayments and accrued income	191,137	187,865
VAT debtor	163,496	180,735
	2,998,398	2,800,890

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

15. CREDITORS: amounts falling due within one year	2018 £	2017 £
Trade creditors	709,476	953,526
Other taxation and social security	120,395	121,230
ESFA creditor: GAG abatement	75,498	120,000
Other creditors	161,637	122,789
Accruals and deferred income	2,223,856	2,127,202
	<u>3,290,862</u>	<u>3,444,747</u>
Deferred income		
Brought forward	1,996,593	1,936,351
Resources deferred in the year	2,100,670	1,996,593
Amount released from previous year	(1,996,593)	(1,936,351)
	<u>2,100,670</u>	<u>1,996,593</u>

Deferred income relates to boarding fees for the 2018/19 school year billed in advance.

16. FUNDS	Balance at 31 August 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG) (note 2)	36,090	3,334,252	(3,701,352)	380,000	48,990
Boarding	46,587	6,011,855	(5,637,070)	(39,995)	381,377
Pension reserve	(3,681,000)	-	(545,000)	1,010,000	(3,216,000)
Other Restricted – Neville Paine	24,138	-	-	-	24,138
Other Restricted – Dukies Foundation	10,870	101,158	(81,655)	-	30,373
	<u>(3,563,315)</u>	<u>9,447,265</u>	<u>(9,965,077)</u>	<u>1,350,005</u>	<u>(2,731,122)</u>
Restricted Fixed Asset funds					
Capital Expenditure from GAG	80,686	-	(33,854)	-	46,832
Leasehold property	30,403,642	-	(756,006)	-	29,647,636
Boarding fixed assets	675,610	-	(130,437)	39,995	585,168
Military ethos assets	3,878,257	-	(61,701)	144,176	3,960,732
Other restricted funds	43,550	-	(27,258)	-	16,292
	<u>35,081,745</u>	<u>-</u>	<u>(1,009,256)</u>	<u>184,171</u>	<u>34,256,660</u>
Restricted military funds					
Ministry of Defence-Ethos	-	1,646,270	(1,502,094)	(144,176)	-
	<u>-</u>	<u>1,646,270</u>	<u>(1,502,094)</u>	<u>(144,176)</u>	<u>-</u>
Total restricted funds	<u>31,518,430</u>	<u>11,093,535</u>	<u>(12,476,427)</u>	<u>1,390,000</u>	<u>31,525,538</u>
Unrestricted funds					
Unrestricted funds	169,548	493,525	(251,488)	(380,000)	31,585
Total unrestricted funds	<u>169,548</u>	<u>493,525</u>	<u>(251,488)</u>	<u>(380,000)</u>	<u>31,585</u>
Total funds	<u>31,687,978</u>	<u>11,587,060</u>	<u>(12,727,915)</u>	<u>1,010,000</u>	<u>31,557,123</u>

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

16. FUNDS (continued)

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

The General Annual Grant is funding from the DfE for the Academy's operating costs.

Other ESFA/DFE grants to funding from the DfE for the Academy's operating costs.

The boarding fund relates to the accumulated surplus on boarding activities.

The pension reserve reflects the local government pension scheme liability as at 31 August 2018.

The Dukies Foundation was to be used to purchase specific items of equipment.

Restricted –Neville Paine is to be used for European travel.

The Devolver Formula Capital Grant is the money allocated for capital maintenance.

The fixed asset fund represent fixed assets funded from restricted funds or the leasehold property.

Ministry of Defence as a sponsor provides a Military ethos grant to enable the academy to maintain the military traditions.

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

	Balance at 31 August 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG) (note 2)	55,245	3,541,258	(3,710,413)	150,000	36,090
School Standards Grant	-	20,335	(20,335)	-	-
Boarding	48,273	5,945,746	(5,947,432)	-	46,587
Pension reserve	(4,222,000)	-	(530,000)	1,071,000	(3,681,000)
Other Restricted – Neville Paine	24,138	-	-	-	24,138
Other Restricted – Dukies Foundation	23,528	45,748	(58,406)	-	10,870
	<u>(4,070,816)</u>	<u>9,553,087</u>	<u>(10,266,586)</u>	<u>1,221,000</u>	<u>(3,563,315)</u>
Restricted Fixed Asset funds					
Capital Expenditure from GAG	125,608	-	(44,922)	-	80,686
Leasehold property	31,151,982	-	(748,340)	-	30,403,642
Boarding fixed assets	819,445	-	(143,835)	-	675,610
Military ethos assets	3,939,958	-	(61,701)	-	3,878,257
Other restricted funds	70,808	-	(27,258)	-	43,550
	<u>36,107,801</u>	<u>-</u>	<u>(1,026,056)</u>	<u>-</u>	<u>35,081,745</u>
Restricted military funds					
Ministry of Defence-Ethos	-	1,246,010	(1,246,010)	-	-
	<u>-</u>	<u>1,246,010</u>	<u>(1,246,010)</u>	<u>-</u>	<u>-</u>
Total restricted funds	<u>32,036,985</u>	<u>10,799,097</u>	<u>(12,538,652)</u>	<u>1,221,000</u>	<u>31,518,430</u>
Unrestricted funds					
Unrestricted funds	81,558	484,380	(246,390)	(150,000)	169,548
Total unrestricted funds	<u>81,558</u>	<u>484,380</u>	<u>(246,390)</u>	<u>(150,000)</u>	<u>169,548</u>
Total funds	<u>32,118,543</u>	<u>11,283,477</u>	<u>(12,785,042)</u>	<u>1,071,000</u>	<u>31,687,978</u>

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

16. FUNDS (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 31 August 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG) (note 2)	55,245	6,875,510	(7,411,765)	530,000	48,990
School Standards Grant	-	20,335	(20,335)	-	-
Boarding	48,273	11,957,601	(11,584,502)	(39,995)	381,377
Pension reserve	(4,222,000)	-	(1,075,000)	2,081,000	(3,216,000)
Other Restricted – Neville Paine	24,138	-	-	-	24,138
Other Restricted – Dukies Foundation	23,528	146,906	(140,061)	-	30,373
	<u>(4,070,816)</u>	<u>19,000,352</u>	<u>(20,231,663)</u>	<u>2,571,005</u>	<u>(2,731,122)</u>
Restricted Fixed Asset funds					
Capital Expenditure from GAG	125,608	-	(78,776)	-	46,832
Leasehold property	31,151,982	-	(1,504,346)	-	29,647,636
Boarding fixed assets	819,445	-	(274,272)	39,995	585,168
Military ethos assets	3,939,958	-	(123,402)	144,176	3,960,732
Other restricted funds	70,808	-	(54,516)	-	16,292
	<u>36,107,801</u>	<u>-</u>	<u>(2,035,312)</u>	<u>184,171</u>	<u>34,256,660</u>
Restricted military funds					
Ministry of Defence-Ethos	-	2,892,280	(2,748,104)	(144,176)	-
	<u>-</u>	<u>2,892,280</u>	<u>(2,748,104)</u>	<u>(144,176)</u>	<u>-</u>
Total restricted funds	<u>32,036,985</u>	<u>21,892,632</u>	<u>(25,015,079)</u>	<u>2,611,000</u>	<u>31,525,538</u>
Unrestricted funds					
Unrestricted funds	81,558	977,905	(497,878)	(530,000)	31,585
Total unrestricted funds	<u>81,558</u>	<u>977,905</u>	<u>(497,878)</u>	<u>(530,000)</u>	<u>31,585</u>
Total funds	<u><u>32,118,543</u></u>	<u><u>22,870,537</u></u>	<u><u>(25,512,957)</u></u>	<u><u>2,081,000</u></u>	<u><u>31,557,123</u></u>

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:	Unrestricted funds £	Restricted general funds £	Restricted fixed assets funds £	Total Funds £
Tangible fixed assets	32,036	-	34,256,660	34,288,696
Current assets	-	3,775,289	-	3,775,289
Current liabilities	(451)	(3,290,411)	-	(3,290,862)
Pension scheme liability	-	(3,216,000)	-	(3,216,000)
Total net assets	<u>31,585</u>	<u>(2,731,122)</u>	<u>34,256,660</u>	<u>31,557,123</u>

Fund balances at 31 August 2017 are represented by:	Unrestricted funds £	Restricted general funds £	Restricted fixed assets funds £	Total Funds £
Tangible fixed assets	65,796	-	35,081,745	35,147,541
Current assets	153,752	3,512,432	-	3,666,184
Current liabilities	(50,000)	(3,394,747)	-	(3,444,747)
Pension scheme liability	-	(3,681,000)	-	(3,681,000)
Total net assets	<u>169,548</u>	<u>(3,563,315)</u>	<u>35,081,745</u>	<u>31,687,978</u>

18. CAPITAL COMMITMENTS

At 31 August 2018 the Academy had contracted for work not provided in the financial statements £175,892 (2017: £Nil).

19. COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Expiring within one year	76,192	90,458
Expiring within two and five years inclusive	49,442	74,451
	<u>125,634</u>	<u>164,909</u>

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

20. RECONCILIATION OF NET (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2018	2017
	£	£
Net (expenditure)	(1,140,855)	(1,501,565)
Depreciation (note 12)	1,043,016	1,059,816
Interest receivable (note 5)	(664)	(823)
Decrease in stock	27,658	16,298
(Increase)/decrease in debtors	(197,508)	15,872
(Decrease)/increase in creditors	(153,885)	64,166
Defined benefit pension scheme finance costs	91,000	89,000
Defined benefit pension costs less contributions payable	454,000	441,000
	<u>122,762</u>	<u>183,764</u>
Net cash provided by operating activities		
21. CASH FLOWS FROM INVESTING ACTIVITIES	2018	2017
	£	£
Interest received	664	823
Purchase of tangible fixed assets	(184,171)	-
	<u>(183,507)</u>	<u>823</u>
Net cash used in investing activities		
22. ANALYSIS OF CASH AND CASH EQUIVALENTS	2018	2017
	£	£
Cash in hand and at bank	<u>768,551</u>	<u>829,296</u>

23. 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.

24. PENSION AND SIMILAR OBLIGATIONS

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

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

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

24. PENSION AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The next valuation of the TPS is currently underway based on April 2016 data, whereupon the amount employers will be required to pay towards the scheme may increase substantially from September 2019.

The employer's pension costs paid to TPS in the period amounted to £351,935 (2017: £335,267).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £475,000 (2017: £461,000), of which employer's contributions totalled £361,000 (2017: £348,000) and employees' contributions totalled £114,000 (2017: £113,000). The agreed contribution rates for future years are 20 per cent for employers and a range between 5.8 per cent and 7.2 per cent for employees based on income.

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.

24. PENSION AND SIMILAR OBLIGATIONS (continued)

Principal Actuarial Assumption	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.1	23.0
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	27.5	27.4

Sensitivity analysis on obligation	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate +0.1%	7,255	7,132
Discount rate -0.1%	7,647	7,518
Mortality assumption – 1 year increase	7,692	7,562
Mortality assumption – 1 year decrease	7,212	7,090
CPI rate +0.1%	7,613	7,470
CPI rate -0.1%	7,288	7,178

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

	Fair value at At 31 August 2018 £'000	Fair value At 31 August 2017 £'000
Equities	2,884	2,563
Gilts	32	25
Bonds	376	351
Property	523	447
Cash	130	115
Target Return Portfolio	287	140
Total market value of assets	4,232	3,641

The actual return on scheme assets was £171,000 (2017: £564,000)

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

24. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost (net of employee contributions)	813	787
Net interest cost	91	89
Administration expenses	2	2
	906	878
Total operating charge	906	878

Movements in the present value of defined benefit obligations were as follows	2018 £'000	2017 £'000
At 1 September	7,322	7,428
Current service cost	813	787
Interest cost	191	164
Change in demographic assumptions	-	37
Experience loss/(gain) on defined benefit obligation	-	(886)
Employee contributions	114	113
Actuarial (gain)/loss	(939)	(293)
Benefits paid	(53)	(28)
	7,448	7,322
At 31 August	7,448	7,322

	2018 £'000	2017 £'000
Movements in the fair value of academy's share of scheme assets		
At 1 September	3,641	3,206
Interests on assets	100	75
Return on assets less interest	71	489
Administration expenses	(2)	(2)
Employer contributions	361	348
Employee contributions	114	113
Other actuarial gains/(losses)	-	(560)
Benefits paid	(53)	(28)
	4,232	3,641
At 31 August	4,232	3,641

25. RELATED PARTY TRANSACTIONS

During the comparative year, 31 August 2017, Mr C Russell was Executive Principal and Ex-Officio Governor, and was Chief Executive and Governor at Dover Federation of the Arts Multi-Academy Trust. Mr C Russell was remunerated by Dover Federation of the Arts Multi-Academy Trust. Dover Federation of the Arts Multi-Academy Trust invoiced the Academy £Nil (2017: £61,030) for Mr C Russell's services as Executive Principal during the year, and services provided by other individuals. At 31 August 2018, £Nil (2017: £ Nil) was due to Dover Federation of the Arts Multi-Academy Trust.

DYRMS – AN ACADEMY WITH MILITARY TRADITIONS
 NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

26. ACADEMY BOARDING TRADING ACCOUNT

	2018		2017	
	£	£	£	£
Income				
Fee income		5,955,760		5,803,559
Donations		6,987		11,050
Extras		49,108		131,137
		<u>6,011,855</u>		<u>5,945,746</u>
Expenditure				
Direct costs				
Staff costs	2,750,994		2,796,777	
Catering	503,223		545,806	
Agency costs	1,200		39,151	
Staff development	12,689		11,001	
Provision for doubtful debts	101,339		266,136	
Medical Centre	38,182		38,322	
Total direct costs	<u>3,407,627</u>		<u>3,697,193</u>	
Indirect costs				
Recruitment	6,381		5,211	
Maintenance of premises and equipment	432,637		401,961	
Facilities management	625,083		537,949	
Cleaning	120,950		125,800	
Light and heat	262,088		255,249	
Rent and rates	201,837		159,385	
Insurance	9,435		19,848	
Events and functions	55,113		86,186	
Professional fees	35,161		59,996	
Stationery and postage	53,947		58,898	
IT and phone	142,370		180,046	
Vehicle expenses and transport	40,242		60,719	
Subscriptions and licences	5,361		5,876	
Other support costs	129,409		97,602	
Marketing and advertising	96,994		164,097	
Stores	12,435		31,416	
Total indirect costs	<u>2,229,443</u>		<u>2,250,239</u>	
Total operating costs		<u>5,637,070</u>		<u>5,947,432</u>
Surplus/(deficit) on boarding		<u>374,785</u>		<u>(1,686)</u>
Surplus brought forward at 1 September 2017		<u>46,587</u>		<u>48,273</u>
Transfers				
Capital spend in the year transferred to fixed assets fund		<u>(39,995)</u>		<u>-</u>
31 August 2018		<u><u>381,377</u></u>		<u><u>46,587</u></u>