

The Dean Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements **Year ended 31 August 2016**

Company Registration Number:
08027943 (England and Wales)

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Reference and Administrative Details

Members	Mr B D Rigby MBE Mr D J Palmer Mr T Kapur CBE Mr J T Shiels Mr P J Edwards
Trustees	B D Rigby MBE (Chairman) D J Palmer T Kapur CBE (Chief Executive and Group Academy Principal, Accounting Officer) J T Shiels L McQue P J Edwards * D McGann – appointed 25 April 2016 * Trustee members of the audit committee
Executive Management Team:	
▪ Chief Executive and Group Academy Principal	T Kapur CBE
▪ Academies Director	B Bridden
▪ Chief Finance Officer	N David
Company Name	The Dean Trust
Principal and Registered Office	Ashton on Mersey School Cecil Avenue Sale Cheshire M33 5BP
Company Registration Number	08027943
Independent Auditor	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD
Bankers	Lloyds Bank PLC PO Box 1000 BX1 1LT
Solicitors	Stone King Solicitors 13 Queen Square Bath BA1 2HJ Rowley Dickinson Cardinal House 20 St Mary's Parsonage Manchester M3 2LY

Trustees Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust currently operates 2 primary and 4 secondary academies across our 3 hubs in the North West of England. These academies have a combined pupil capacity of 5,240 pupils and had a total of 3,164 pupils on roll as recorded in census data at May 2016. It should however be noted that the number of pupils currently on roll at Dean Trust Ardwick in relation to capacity reflects its status as a brand new free school with 1 group of pupils in Year 7 only.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust as incorporated on 12th April 2012.

A number of the trustees of The Dean Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Dean Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

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

Professional indemnity insurance is in place to protect trustees, governors, and officers from claims arising from negligent acts, errors or omissions occurring on Trust business.

Method of Recruitment and Appointment or Election of Trustees

Trustees are recruited by invitation, dependent upon their expertise, experience and skills. Trustees may appoint up to 10 trustees as referenced in the articles of association (46a) and are appointed for a term of 4 years.

Policies and Procedures Adopted for the Induction and Training of Trustees

New trustees are interviewed and selected onto the Board to maintain a robust overview and governance throughout the Trust. On all occasions, induction is provided in the workings of the Trust, including policies and procedures, together with appropriate training opportunities based on their existing area of expertise.

Organisational Structure

The trustees are responsible for setting general policy, the strategic direction and growth of the Trust, adopting an annual plan and budget, monitoring the Trust and academies by the use of financial management and other performance information, making appointments to the Executive Management team, and approving the Annual Report and Financial Statements.

The Chief Executive and Group Academy Principal is the accounting officer. The day to day management of the Trust is delegated to the Executive Management Team (EMT). The EMT consists of the Chief Executive and Group Academy Principal, Academies Director and Chief Finance Officer. The EMT further delegates responsibilities to the Senior Leadership Team (SLT) of each Academy. The SLT, as appropriate to each academy, consists of the

Headteacher, Deputy Headteacher and Assistant Headteachers as appropriate. These managers control the Trust and academies at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff. Appointment boards for posts in the EMT always contain a trustee. Some spending control is devolved to individual members of the management team within agreed limits in the Scheme of Delegation.

The management teams include the EMT, the SLT at each academy in the Trust, the curriculum area managers and business support managers. These managers are responsible for the day to day operation of the Trust and the academies, in particular organising the staff (teaching and non-teaching), facilities and students.

The trustees meet at least each term with the first meeting in each academic year being the Annual General Meeting. Local Governing bodies, governance groups and sub-committees meet on at least a termly basis. Trustees make regular visits to all academies, attending and supporting functions. The Trust's present governance structure also facilitates periodic attendance by trustees at Local Governing Body Meetings. The new Governing Body at Dean Trust Ardwick is to be chaired initially by a current trustee to assist with its establishment and integration into the Trust.

Responsibilities of trustees, governors, and senior managers are clearly defined in the Trust Scheme of Delegation.

Arrangements for setting pay and remuneration of key management personnel

The remuneration of the Executive Management Team, and the Senior Leadership Team of each academy, is set in accordance with the Trust pay policy and the pay and conditions document for teachers and leaders. The performance of all members of these teams is appraised on an annual basis and the Trust pay committee reviews recommendations for their pay progression and other remuneration.

Related Parties and other Connected Charities and Organisations

The Chief Executive and Group Academy Principal, Mr Tarun Kapur C.B.E, acts as an independent Director providing educational advice to the Board of Manchester United Foundation and Trafford Community Leisure Trust, the latter until 30th September 2015 when it ceased to trade. Mr Kapur also acts as Chair of the FA and Premier League facilities funding panel for the Football Foundation. The Football Foundation is the UK's largest sports' charity funded by the Premier League, The Football Association and the Government, the Foundation directs £31m every year into grassroots sport. Their mission is to improve facilities, create opportunities and build communities throughout England.

The Chair of Trustees, Councillor Brian Rigby M.B.E. is a Trafford Councillor serving the Ashton upon Mersey ward in the Borough. Councillor Rigby, prior to becoming Chair of the Board, was Chair of Ashton on Mersey School Governing Body for 26 years overseeing the growth and development of the school, leading the Governors through 4 consecutive Outstanding OFSTED inspections and acting as a National Leader of Governance supporting and advising several Governing Bodies.

Mr J T Shiels is Chief Executive of Manchester United Foundation. The goal of the Foundation is to educate, motivate and inspire future generations to build better communities for all. Part of the work involves partnerships with schools to create community hubs and to deliver a range of educational programmes to primary and secondary schools.

Ms L McQue is Chief Executive of North West Employers, a not-for-profit organisation that exists to help organisations deliver better outcomes with and for local people. North West Employers are committed to and have a proud record in working with individuals and organisations to achieve improvement. Ms McQue is well respected for her wealth of experience and as a connector across the public sector not only throughout the region but nationally.

Mr D Palmer was a director of Ashton on Mersey Teaching School Limited (AOMTSL) until his resignation on 12th July 2016. Mr P Edwards was appointed as a director of AOMTSL on the same date. AOMTSL is a wholly owned subsidiary of the Dean Trust and operates as a company limited by guarantee managing the business. The relationship is two way in that support can be commissioned by the Trust for any one of its academies and the Teaching School can commission support from any of the Trust's academies to undertake Teaching School

contracts. This dynamic relationship ensures that all academies within the Trust can access high quality support whilst also benefiting from a talent pool.

The Teaching School has key performance indicators which benefit the Trust as there is a clear expectation that all members of a Teaching School alliance improve their outcomes. The onus is on the Teaching School to facilitate this, whether it be providing the necessary support, increasing expectations through sharing outstanding practice or through the development of talent management pathways.

The Trust is part of a wider network (Alliance) which includes a number of other schools and academies. This is mainly in relation to the activities of the Teaching School and principally involves collaborative working across a range of disciplines, primarily School to School Support, Initial Teacher Training and Professional Learning.

Objectives and Activities

Objects and Aims

The main objectives of the Trust during the year ended 31st August 2016 are summarised below:

- To continue to review strategic growth opportunities that will achieve the Trust's mission and add value to the organisation
- To improve the effectiveness of the academies by keeping the curriculum and organisational structures under continuous review.
- To carefully monitor the financial position at Broadoak School and consider options to address the demographic challenges in Partington.
- To comply with statutory, curriculum and employment requirements.
- To monitor and support the ongoing building programme at the new Dean Trust Ardwick academy, and maintain excellent working relationships with Manchester City Council to ensure a successful outcome of this new venture.
- To ensure that the interest shown by the Governors of Park View Primary School, Knowsley to become a Dean Trust Academy is thoroughly investigated. Subject to due diligence and approval of the proposal by the Board, to provide a full program of support and transition to integrate the academy into the Trust.
- To facilitate a smooth integration of Dean Trust Ardwick into the Trust group of academies.
- To raise standards of educational achievements for all pupils across the Trust.
- To ensure that every child, irrespective of personal background, enjoys the same high quality of education in terms of resourcing, teaching and learning.
- To review and strengthen the membership of the Trust Board in order to meet increasing demands and responsibilities as the Trust expands.
- To bid for capital funds to improve the Trust estate
- To explore opportunities to attract external funds as well as developing business partnerships to add value to the work of the Trust.
- To maintain close links with industry and commerce as well as Local Authorities and to utilise those links for the benefit of the Trust and pupils.

Objectives, Strategies and Activities

The Trust's vision is to develop and maintain a culture of excellence across our organisation that provides fantastic opportunities for the children and students in our primary and secondary academies.

The Dean Trust is an organisation that provides opportunities for staff and students alike. It embraces the local community to ensure that each Academy is at the heart. We aim for the communities in which we operate to be proud of their local Dean Trust Academy.

As we continue to grow we are determined to remain an organisation of 'first choice'. We believe that it is important that children are able to attend a 'Good' or 'Outstanding' local school.

The Trust’s approach to this strategy includes:

- Tuition and learning opportunities for all students to attain appropriate academic qualifications
- Training and development opportunities for all staff including high quality professional learning for all Trust employees.
- A careers advisory service to help students obtain employment or move on to higher education or training.
- A wide range of enrichment opportunities including a programme of pre and after school activities.

Public Benefit

The Trust’s purpose is to advance, for public benefit, education in the UK, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the academies, offering a broad and balanced curriculum. The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties.

Strategic Report

Achievements and Performance

The public examination results at GCSE, post 16 and Key Stage 2 achieved by pupils at Dean Trust academies are summarised in the tables below (figures in brackets relate to 2015 results). The framework for qualifications and examinations have continued to influence the Trust’s key academic performance statistics. Despite this, results have for the most part been pleasing with notable performance at Broadoak School achieving best ever GCSE results. Where performance at an academy has dipped below expectations, a robust review has been undertaken and rigorous improvement plan implemented. The landscape continues to change making year on year comparability extremely difficult. The Trust has undertaken a comprehensive and thorough review of examination performance in all academies and has put steps in place to return to an upward trajectory as necessary in the forthcoming year.

Secondary Academies

The headline results are summarised as follows:

	5+ A*-C including English & Maths		Key Stage 5 A Level A*-C		Key Stage 5 BTEC D*D*D*	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Ashton on Mersey School	64.2%	60.9%	67%	64%	43%	45%
Broadoak School	65.5%	32.9%	N/A	N/A	N/A	N/A
Dean Trust Ardwick	N/A	N/A	N/A	N/A	N/A	N/A
Lord Derby Academy	39%	42%	N/A	N/A	N/A	N/A

Primary Academies

The percentage of pupils achieving level 4 or above at Key Stage 2 are summarised as follows:

	English				Maths	
	2015-16		2014-15		2015-16	2014-15
Forest Gate Academy	R 21%	W 61%	R 92%	W 96%	36%	92%
Park View Academy	R 94%	W 88%	R 79%	W 79%	94%	82%

Other notable achievements across the Trust’s academies during the period include:

- The upward trajectory of pupil number growth at Lord Derby Academy has been maintained with admissions to year 7 in September 2016 planned to be 230 pupils.
- Improvement in pupil attendance at all academies
- Further growth in pupil numbers at Forest Gate Academy.
- Continued development of the Ashton on Mersey School SCITT with excellent outcomes in terms of Qualified Teacher Status and trainees securing full time employment including a number within the Trust.
- Working with the Manchester City Council project team to deliver the new Dean Trust Ardwick building on time for the September 2016 intake.
- Admission of full cohort of 240 pupils into Dean Trust Ardwick from September 2016 and agreement to admit a further 60 pupils into Year 7 due to growth demand in the area of the academy
- Successful bid to The Football Foundation for £700K of funding for a sports pavilion and changing facilities at Dean Trust Ardwick
- Further significant investment and refresh of ICT infrastructure and hardware across all Trust academies.
- Continued positive engagement with the Trust's principal sponsors together with expansion of partnerships with major companies and organisations in the North West.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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

Most of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the year ended 31st August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants from other organisations. In accordance with the Charities Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2016, total expenditure of £25.2m (2015: £21.9m) was covered by recurrent grant income from the EFA together with other incoming resources which totalled £24.5m (2015: £22.5m) exclusive of funds transferred upon conversion of Park View Academy. The excess of expenditure over income for the period was £0.7m (2015: -£0.6m). Total funds carried forward amount to £63.4m (2015: £64.0m). This level of reserves enables the Trust to plan its future growth strategy from a solid base, at the same time providing a cushion for the potentially turbulent financial climate prevailing in the short to medium term. The Trust would wish to continue to invest prudently in the growth and development of the organisation and its infrastructure.

Unrestricted income and expenditure in the year ended 31st August 2016 amounted to £0.7m (2015: £1.1m) and £0.6m (2015: £0.9m) respectively.

At 31st August 2016 the net book value of fixed assets amounted to £68.3m (2015: £64.5m). Movement in fixed assets is shown in note 15 to the financial statements. The cost of fixed asset additions in the year ended 31st August 2016 amounted to £1.1m (2015: £1.4m).

The net liability of the Trust in the Local Government Pension Scheme (LGPS) amounts to £8.7m (2015: £4.2m) It should however be noted that an immediate liability for this amount is not crystallised at the financial year end. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. This guarantee provides comfort to the Trustees in the event of an academy trust closure.

Employees and disabled persons

The Dean Trust is an equal opportunity employer and proudly discloses this throughout its recruitment processes. The Trust welcomes applications for employment from disabled persons.

The Trust is responsive to changes to an employee's individual circumstances through being or becoming disabled which includes making appropriate adjustments to working conditions. As an employee of the Trust a disabled person can expect to be afforded development and career progression that befits their skills and expertise.

The Trust acknowledges the trade unions that represent all of its employees. A Joint Consultative Committee comprising of Trustees, senior leaders and employee union representatives is an established mechanism to consult employees on matters affecting their employment with the Trust.

Reserves Policy

Trustees review the level of reserves on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments (including future commitments) and the type of reserves. The Trust's current level of free reserves, represented by total reserves less the amounts held in fixed asset reserve and restricted pension fund reserve is £3.42m. (2015: £3.77m)

Current financial forecasts for the next three years indicate financial challenges with deficit positions being recorded in a number of Dean Trust academies for 2016-17, 2017-18 and beyond based on current operating models and funding methodology. Trustees plan to apply current free reserves balances to support these deficits alongside robust plans to align operating costs with funding levels moving forward in order to maintain a reasonable and prudent level of reserves in the future to buffer unforeseen business interruptions, provide funds for capital improvements or developments, assist cash flow where payments of EFA funding are late and support short term emergency requirements. This is sound commercial practice designed to safeguard the Trust's business interests and quality of education at all of its academies.

Investment Policy

Cash balances are safeguarded by investing them in interest bearing current accounts with sound commercial banks (currently Lloyds Bank PLC).

Principal Risks and Uncertainties

The principal risks to the Trust are documented and managed using a risk management policy and a risk register which is regularly reviewed.

The Trust has carried out a careful review of the risks and uncertainties it faces in the forthcoming year. In summary these are viewed as:

- Pressures on growth emanating from Government policy direction for multi academy Trusts to take on additional schools
- Potential loss of reputation and community confidence arising from any drop in standards and academic performance
- Budgetary pressures brought about by reduced public sector education spending and funding formula changes
- Impact of changes to school performance measures in terms of curriculum structures
- Failure on high profile school to school support commissions.
- Downgrading of the current OFSTED report for any Dean Trust academy following inspection

- Inability to sufficiently increase pupil numbers at Broadoak School due to local demographic position
- Sufficiency of accommodation to meet continued growth in demand for places at Forest Gate Academy
- Erosion of reserves to balance budgets in the short to medium term
- Succession planning within Trust governance and executive leadership

Key controls in place to mitigate these risks include:

- Forensic data and annual examination performance analysis
- Annual school improvement plans at all academies of the Trust
- Robust self-evaluation procedures and careful monitoring of teaching and learning.
- An organisational structure with clearly defined roles, responsibilities and authorisation levels
- Documented terms of reference and policies for the governance of the Trust,
- Financial planning, multi-year budgeting and regular financial reporting to Governors, the Audit Committee and Board of Trustees highlighting key areas of financial risk
- Effective internal control systems that are regularly tested and monitored
- Comprehensive internal audit processes to cover business reviews and routine health checks
- Audit Committee challenge and scrutiny
- Robust due diligence procedures in place for growth of the Trust, new contracts and commissions.

Plans for Future Periods

The Trust's plans for future periods include:

- To revisit the growth strategy in light of the changing education sector landscape particularly around free school provision, developing the excellent working relationships already enjoyed with Manchester City Council to explore opportunities in the city addressing their burgeoning growth in school place demand.
- To concentrate focus around our 3 hubs in the North West region and maximise growth opportunities therein to add value to the Trust and continue to support our mission. In this context to explore, subject to rigorous due diligence the addition of one secondary academy and one primary maintained school within the Dean Trust West Hub.
- To review the Executive Management Team structure and composition to ensure sufficient capacity to meet growth demands and is entirely robust across the Trust.
- To achieve a good outcome in the forthcoming first OFSTED inspection of the SCITT at Ashton on Mersey School
- To embed the mathematics education strategic hubs initiative for the North West licence awarded to Ashton on Mersey School. To develop “products” from Maths Hub research and innovation that can be successfully marketed by the Trust.
- To address the dip in attainment at Key stage 2 in 2016 at Forest Gate Academy and return academic performance at the academy to an appropriate level.
- To strive for continuous improvement in examinations results and all indicators of performance in all of the Trust's academies
- To seek to address the pressures on admissions at Ashton on Mersey School of the continued growth in statutory admission of pupils with education health and care plans and to lobby the Local Authority for more equitable distribution at other secondary schools in the Borough.
- To consider some alternatives for education provision at Trust academies within Partington to address over subscription at Forest Gate Academy and the ongoing challenge of low numbers on roll at Broadoak School.
- To maintain the trajectory of growth in pupil numbers at Lord Derby Academy
- To develop a plan for growth in pupil numbers at Park View Academy

- To continue to develop the work of the internal audit function in providing an advisory platform to inform strategies around changing business needs
- To accelerate development of the risk management and board assurance framework as a key governance and management tool.
- To work with the RSC and Knowsley Education Commission to improve educational outcomes for all children within Knowsley schools and academies.
- To continue to update medium to long term financial forecasts to provide clarity on future financial health of the Trust particularly in the context of the new National Funding Formula
- To continue to develop robust and sustainable plans to align the operational costs of the Trust with available funding streams
- To explore and exploit business opportunities to provide additional commercial revenue stream in support of the Trust's objects.
- To strive for greater efficiency and economies scale as an imperative
- To monitor, maintain and support high quality governance at all Dean Trust academies.

Excellent standards of behaviour will be maintained to create well-ordered learning environments with support of students at the heart. Pupil numbers in all Dean Trust academies will be sustained or grown. Transitional arrangements for pupils entering the Trust's secondary academies will be well planned and structured, providing support for pupils at this important stage of their education. The curriculum will be broad, balanced and relevant in all key stages from EYFS to KS5 allowing all pupils and students to achieve their full potential.

Teaching and learning will have pace, purpose, variety and rigour. Pupils and students will be able to progress as a result of personalised programmes of study supported by a virtual learning environment available online. All pupils and students will be competent users of ICT, will be aware of their own strengths and weaknesses and, through assessment for learning, know how to improve their attainment and achievement.

Staff will be strong and confident practitioners with appropriate professional development opportunities. Educational outcomes in all key reported performance indicators will be challenged by aspirational and robust target setting underpinned by strong governance and leadership intervention. Teaching will be at least good as evidenced by comprehensive IQTL. The strategic development of all academies in the Trust will be effectively planned, monitored and supported by well-equipped and committed local governing bodies held to account by the Board of Trustees.

Auditor

In so far as the Trustees are aware:

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

The audit business Hallidays has been appointed as the company's auditor. The audit report has been issued by Hallidays.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19th December 2016 and signed on its behalf by:

Brian Rigby MBE
Chair of Trustees
19th December 2016

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated day-to-day responsibility to the Chief Executive and Group Academy Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and that these are in accordance with the requirements and responsibilities assigned to it in the funding agreements between The Dean Trust and the Secretary of State for Education. The Chief Executive and Group Academy Principal is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Trustees and Governors are well trained and are committed to attending training that enhances understanding of their responsibilities and legal function. This equips them with the knowledge to provide both challenge and support for the senior leadership teams at all of the academies in the Trust. The Scheme of Delegation balances the need for control with empowering Local Governing Bodies to be accountable for the performance of the academy that they govern.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees formally met 5 times during the year ended 31st August 2016. Attendance during the period at these meetings was as follows (members who joined during the course of the year have their attendance reported on the basis of the maximum number of meetings that they could have attended following their appointment):

Trustee	Meetings attended	Out of a possible
Cllr B Rigby MBE	5	5
Mr T Kapur CBE	5	5
Mr J T Shiels	4	5
Mr D Palmer	4	5
Ms L McQue	2	5
Mr P J Edwards	5	5
Mr D McGann (appointed 25 April 2016)	1	1

The Board is supported by a Governance Manager who also provides advice and guidance to Local Governing Bodies. During the course of the year the size, structure and composition of the Board and the Local Governing Bodies was further reviewed in light of the continued growth of the Trust. This is an ongoing process to ensure that governance remains robust and challenging as well as creating capacity for succession. In addition, a number of new Trustees and Governors have been appointed to both the Board and to Local Governing Bodies with particular reference to skill sets that strengthen and enhance their work. This recruitment has been very successful and has followed a skills audit undertaken by the Trust's Governance Officer. An annual conference and training event has been introduced to the calendar at which all Trustees, Governors and Senior Leaders meet to review and develop the Trust's strategic plans and objectives.

The audit committee is a committee of the Board of Trustees and consists of both trustees and independent representatives. Its purpose is to support the board in fulfilling its responsibilities with regard to the financial, business risk management and wider internal control framework of the Trust. In future financial years, meetings of the audit committee will number at least 4 as the work of the committee continues to develop.

The terms of reference of the audit committee has been further developed during the year and this provides resilience to the Board reporting mechanisms. The committee contains 3 independent members alongside a trustee and the accounting officer.

Attendance at meetings during the year ended 31st August 2016 was as follows:

Audit Committee

	Meetings attended	Out of a possible
Mr P Edwards (Trustee)	4	4
Mr G Page	4	4
Mr M Johnson	4	4
Mrs A Chaudry (appointed 29 th March 2016)	2	2
Mr T Kapur (Accounting Officer)	4	4
Mr N David	4	4

Mr T Kapur and Mr N David attended these meetings in the capacity of Accounting Officer and Chief Finance Officer of the Trust respectively.

The Finance Governance Group or Local Governing Body finance sub-committees have met on a regular basis throughout the year. Attendance at meetings in the year ended 31st August 2016 was as follows:

Finance Governance Group

Governor	Meetings attended	Out of a possible
Mr A McLaren	4	4
Miss S Smith	4	4
Mrs V Thorpe	4	4
Mr P Costelloe	4	4
Mr N David	4	4

Mr N David attended these meetings in the capacity of Chief Finance Officer of the Trust.

Lord Derby Academy Finance Sub Committee

Governor	Meetings attended	Out of a possible
Mrs I Tuzio	3	3
Mrs A Hearn	2	3
Mr G Morgan	2	3
Mr B Bridden	2	3
Miss C Willmitt (left 13 th May 2016)	2	2
Mr N David	1	3
Mrs V Gowan	3	3

Mr B Bridden, Mrs V Gowan, Mr N David, and Miss C Willmitt attended these meetings in their capacity as lead professional advisers.

Review of Value for Money

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

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

- Utilising an efficiency metric to challenge outputs in terms of academic performance in relation to inputs based on funding per pupil received by the Trust's academies.
- Investing in high quality print technology and developing the graphic design skills of staff to reduce the reliance and cost of outsourcing these services.
- Reviewing the structures within back office functions and central Trust services. Manage the growth requirements in these areas organically via upskilling teams in academies joining the Trust.
- Utilising the Teaching School to deliver system led improvements in a number of schools and academies in the North West region.
- Successfully applying for sponsor capacity funding in support of the Trust's growth plan.
- Utilising the SCITT to provide a production line of high quality newly qualified teachers into Trust academies and the teaching profession as a whole.
- Reviewing the approach to insurance risk management resulting in a 30% saving in premiums across the Trust insurance portfolio.
- Mitigating the diseconomy of scale in the new start Dean Trust Ardwick free school by securing additional revenue stream for the first 3 years of operation.
- Improving measurable outcomes in all Dean Trust academies in the context of reduced funding for education.
- Continued integration of IT systems infrastructure to strengthen resilience, eliminate duplication of maintenance and support arrangements, reduce cost of on premise hardware via migration of certain IT systems to the cloud and enable efficient implementation of Trust systems and processes into new academies.
- Expanding the use of the minor works team to reduce cost of bought in estates services.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Dean Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Board, audit committee and Local Governing Bodies 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.
- internal audit reviews of business processes and risk areas.

The Board of Trustees has considered the need for a specific internal audit function and, following a rigorous tender process, appointed RSM to act as the Trust's internal audit partner for an initial period of 3 years from 1st November 2015. The work of the internal audit team has been considerably widened in scope to provide a more comprehensive support to the Trust in response to future growth and expansion of the Trust's business interests

The internal audit role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems and internal controls. On a quarterly basis the internal auditor performs these checks and reports to the audit committee on the operation of systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness

As accounting officer, the Chief Executive and Group Academy 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 the internal auditor;
- the work of the external auditor;
- the financial management process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address minor weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 19th December 2016 and signed on its behalf by:

Brian Rigby MBE

Chair of Trustees

Tarun Kapur CBE

Chief Executive and Group Academy Principal
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of The Dean Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

Tarun Kapur CBE
Accounting Officer

19th December 2016

Statement of Trustees' Responsibilities

The trustees, who are responsible for governance of The Dean Trust, are the directors of the charitable company for the purposes of company law and are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 2015 to 2016 published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 19th December 2016 and signed on its behalf by:

Brian Rigby MBE
Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Members of The Dean Trust

We have audited the financial statements of The Dean Trust for the year ended 31st August 2016, which comprise the Statement of Financial Activities incorporating income and expenditure account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Academy Trust 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 Trust members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities (set out on page 16), the trustees (most of whom are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinions on financial statements

In our opinion the financial statements: -

- give a true and fair view of the state of the Academy Trust's affairs as at 31st August 2016 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 the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Anna Bennett
Senior Statutory Auditor

For and on behalf of:
Hallidays, Statutory Auditor
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date:

Independent Reporting Accountant's Assurance Report on Regularity to The Dean Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 12th February 2015, and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Dean Trust during the year ended 31st August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Dean Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Dean Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Dean Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Dean Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Dean Trust's master funding agreements with the Secretary of State for Education dated 25 August 2015 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 31st August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw our conclusion includes: -

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the governing body and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the Trust Board and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

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

Hallidays, Chartered Accountants
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 19th December 2016

Consolidated Statement of Financial Activities for the year ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2015 £'000
Income and endowments from:									
Donations and capital grants	4	33	35	126	194	29	2	914	945
- Transfer from LA on conversion	4	16	(643)	4,325	3,698	0	0	0	0
Charitable activities:					0				
Funding for the academy trust's educational operations	5	50	21,940	1,213	23,203	375	20,142	49	20,566
Other trading activities	6	656	438	0	1,094	684	303	0	987
Investments	7	6	0	0	6	6	0	0	6
Total		761	21,770	5,664	28,195	1,094	20,447	963	22,504
Expenditure on:									
Raising Funds	8	570	0	0	570	821	0	0	821
Charitable activities:									
Academy trust educational operations	9	55	23,015	1,569	24,639	98	19,929	1,421	21,448
Other		0	0	0	0	0	0	0	0
Total		625	23,015	1,569	25,209	919	19,929	1,421	22,269
Net incoming / (expenditure)		136	(1,245)	4,095	2,986	175	518	(458)	235
Transfers between funds	19	64	(298)	234	0	(160)	(116)	276	0
Taxation		(1)	0	0	(1)	(6)	0	0	(6)
Other recognised gains / (losses)									
Actuarial gains / (losses) on defined benefit pension schemes	19, 30	0	(3,564)	0	(3,564)	0	15	0	15
Net movement in funds		199	(5,107)	4,329	(579)	9	417	(182)	244
Reconciliation of funds									
Total funds brought forward	19	2,423	(2,805)	64,359	63,977	2,414	(3,222)	64,541	63,733
Total funds carried forward		2,622	(7,912)	68,688	63,398	2,423	(2,805)	64,359	63,977

All of the academy's activities derive from continuing operations during the above two financial periods.

Consolidated Balance Sheet as at 31 August 2016

(Company Number 08027943)

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Intangible assets			0		0
Tangible assets	15		68,314		64,504
Current assets					
Stock	16	50		94	
Debtors	17	2,222		1,174	
Cash at bank and in hand		4,329		5,385	
		<u>6,601</u>		<u>6,653</u>	
Liabilities					
Creditors: Amounts falling due within one year	18a	(2,695)		(2,907)	
Net current assets			<u>3,906</u>		<u>3,746</u>
Total assets less current liabilities			<u>72,220</u>		<u>68,250</u>
Creditors: Amounts falling due after more than one year	18b		(109)		(118)
Net assets (excluding pension liability)			<u>72,111</u>		<u>68,132</u>
Defined benefit pension scheme liability	30		(8,713)		(4,155)
			<u>63,398</u>		<u>63,977</u>
Total assets			<u>63,398</u>		<u>63,977</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	19	68,688		64,359	
Restricted income fund	19	801		1,350	
Pension reserve	19	(8,713)		(4,155)	
Total restricted funds			<u>60,776</u>		<u>61,554</u>
Unrestricted income funds	19		2,622		2,423
Total funds			<u>63,398</u>		<u>63,977</u>

The financial statements on pages 21 to 47 were approved by the trustees, and authorised for issue on 19th December 2016 and are signed on its behalf by

Brian Rigby
Chair of Trustees

Academy Trust Balance Sheet as at 31 August 2016

(Company Number 08027943)

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Intangible Assets			0		0
Tangible assets	15		68,314		64,504
Current assets					
Stock	16	50		94	
Debtors	17	2,280		1,212	
Cash at bank and in hand		4,226		5,296	
		6,556		6,602	
Liabilities					
Creditors: Amounts falling due within one year	18a	(2,679)		(2,880)	
Net current assets			3,877		3,722
Total assets less current liabilities			72,191		68,226
Creditors: Amounts falling due after more than one year	18b		(109)		(118)
Net assets (excluding pension liability)			72,082		68,108
Defined benefit pension scheme liability	30		(8,713)		(4,155)
Total assets			63,369		63,953
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	19	68,688		64,359	
Restricted income fund	19	801		1,350	
Pension reserve	19	(8,713)		(4,155)	
Total restricted funds			60,776		61,554
Unrestricted income funds	19		2,593		2,399
Total funds			63,369		63,953

The financial statements on pages 21 to 47 were approved by the trustees, and authorised for issue on 19th December 2016 and are signed on its behalf by

Brian Rigby
Chair of Trustees

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	(1,346)	1,548
Cash flows from investing activities	25	291	(541)
Cash flows from financing activities	24	(1)	145
Change in cash and cash equivalents in the reporting period		(1,056)	1,152
Cash and cash equivalents at 1 September 2015		5,385	4,233
Cash and cash equivalents at 31 August 2016		4,329	5,385

Notes to the Financial Statements for the year ended 31 August 2016

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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Academy Trust meets the definition of a public benefit entity under FRS 102.

The Statement of Financial Activities (SOFA) and Balance sheet consolidate the financial statements of the academy trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy trust alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

These financial statements are the first financial statements of the Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of the Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. Reconciliations to previous UK GAAP for the comparative figures are included in note 2.

Going Concern

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

Income

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

- **Grants**

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

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

Capital grants are recognised 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.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

- **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 staff costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Basis of consolidation

The financial statements consolidate the accounts of The Dean Trust and all of its subsidiary undertakings ('subsidiaries') including Ashton on Mersey Teaching School Ltd. The Academy Trust has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line/reducing balance basis over its expected useful life, as follows:

Buildings	2% p.a. straight-line
Plant & Machinery	20% p.a. reducing balance
Fixtures, fittings and equipment	20% p.a. reducing balance
ICT	3 - 5 years straight-line
Motor Vehicles	25% p.a. straight-line

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

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

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 of services it must provide.

Provisions

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

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

Leased Assets

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

Investments

The trust's shareholding in the wholly owned subsidiary, Ashton on Mersey Teaching School Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Stock

Uniforms and stationery stocks are valued at the lower of cost or net realisable value.

Taxation

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

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in Note 30, 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 gains and losses.

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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 30, will impact the carrying amount of the pensions liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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. First Time Adoption of FRS102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards. Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. As a result of this no adjustment has been made to either the income/expense or other recognised gains and losses in the Statement of Financial Activities on page 21 of these financial statements.

B – Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The holiday year for certain employees runs from 1 April to 31 March and this gives rise to unused holiday entitlement at the reporting date. Under FRS 102 the cost of any unused entitlement is recognised in the period in which the employee's services are received. An assessment of the value of this provision at 1 September 2014 and at 31 August 2015 was carried out and deemed to be immaterial. As a result no adjustment has been made to the SOFA for the year ended 31 August 2015. The value of the outstanding holiday pay will be assessed at each year end and a provision made if the value is deemed to be material.

3. Prior Period Adjustment

A prior period adjustment was made to record the Corporation Tax liability of Ashton on Mersey Teaching School Ltd for the year ended 31st August 2015. The liability amounted to £5,976 and the adjustment restated consolidated unrestricted income funds at 31st August 2015 from £2,428,657 to £2,422,682

4. Donations and Capital Grants

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
Capital Grants	0	18	126	144	914
Fixed assets inherited upon conversion	0	0	4,325	4,325	0
Reserves inherited upon conversion	16	0	0	16	0
Donations	33	17	0	50	31
	49	35	4,451	4,535	945

5. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants					
- General Annual Grant (GAG)	0	17,754	0	17,754	16,920
- Start up Grants	0	78	0	78	78
- Other DfE / EFA Grants	49	3,300	0	3,349	2,102
	49	21,132	0	21,181	19,100
Other Government grants					
- Local Authority grants	0	673	1,213	1,886	1,114
- Special educational projects	0	0	0	0	0
	0	673	1,213	1,886	1,114
Other Income from the academy trust's educational operations	1	135	0	136	352
	1	135	0	136	352
	50	21,940	1,213	23,203	20,566

6. Other Trading Activities

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	21	0	0	21	5
Catering income	34	0	0	34	34
Other income	601	438	0	1,039	948
	656	438	0	1,094	987

7. Investment Income

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	6	0	0	6	6
	6	0	0	6	6

8. Expenditure

	Staff Costs £'000	Non Pay Premises Expenditure £'000	Other £'000	Total 2016 £'000	Total 2015 £'000
Expenditure on raising funds	241	76	253	570	821
Academy's educational operations:					
- Direct costs	13,217	0	4,086	17,303	14,874
- Allocated support costs	2,669	2,295	2,021	6,985	6,205
	16,127	2,371	6,360	24,858	21,900

Net income / expenditure for the year includes:

	2016 £'000	2015 £'000
Operating leases:		
- Plant & Machinery	0	0
- Other Leases	335	313
Depreciation	1,569	1,397
Loss on disposal of fixed assets	0	5
Fees payable to auditor for:		
- Audit	19	15
- Other services	8	3
	1,931	1,733

9. Charitable Activities

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	18	15,817	1,468	17,303	14,874
Support costs - educational operations	37	6,847	101	6,985	6,205
	55	22,664	1,569	24,288	21,079
Support costs - educational operations					
Support staff costs	0	2,669	0	2,669	2,350
Depreciation	0	0	101	101	96
Loss on disposal of fixed assets	0	0	0	0	5
Technology costs	0	235	0	235	170
Recruitment and support	0	86	0	86	131
Maintenance of premises and equipment	0	497	0	497	374
Cleaning	0	463	0	463	510
Rent & rates	0	226	0	226	196
Operating leases	0	335	0	335	313
Water	0	192	0	192	142
Energy costs	0	388	0	388	369
Insurance	0	146	0	146	128
Security	0	49	0	49	51
Transport	0	106	0	106	116
Catering	23	575	0	598	554
Bank interest and charges	0	1	0	1	2
Office overheads	0	235	0	235	338
Other support costs	14	555	0	569	246
Governance costs	0	89	0	89	114
	37	6,847	101	6,985	6,205

10. Staff Costs

	Total 2016 £'000	Total 2015 £'000
Staff costs during the year were:		
Wages and salaries	12,792	11,593
Social security costs	1,086	885
Operating costs of defined benefit pension schemes	2,014	1,640
	15,892	14,118
Supply staff costs	198	313
Staff restructuring costs	37	73
	16,127	14,504
Staff restructuring costs comprise:		
Redundancy payments	32	0
Severance payments	5	73
Other restructuring costs	0	0
	37	73

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £36,521 (2015: £72,811). Individually, the payments were for £32,021 and £4,500.

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

	2016	2015
Charitable activities		
Teachers	194	184
Administration and support	238	208
Management	26	25
	<u>458</u>	<u>417</u>

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

	No.	No.
£60,001 - £70,000	3	3
£70,001 - £80,000	1	2
£80,001 - £90,000	2	1
£90,001 - £100,000	0	1
£100,001 - £110,000	2	0
£110,001 - £120,000	0	1
£120,001 - £130,000	0	0
£130,001 - £140,000	0	1
£140,001 - £150,000	0	0
£150,001 - £160,000	0	1
£160,001 - £170,000	0	0
£170,001 - £180,000	1	0

8 (2015: 9) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2016, employer pension contributions for these staff amounted to £90,706 (2015: £102,099). The other employee participated in the Local Government Pension Scheme for which employer pension contributions amounted to £17,013 (2015: £16,118).

The key management personnel of the academy trust comprise the trustees and the executive management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £415,779 (2015: £657,741).

11. Central Services

The academy trust has provided the following central services to its academies during the year:

- Governance
- Leadership support
- Financial management
- IT management
- Estates management
- HR/Payroll
- Marketing support
- Procurement management
- Group purchasing services
- Health and safety advisory services
- Training and CPD
- School improvement services

The Trust policy in charging for central services is to employ a flat percentage of 5% of total income excluding pupil premium, high needs funding, and other specific grants or income relating to certain areas of individual academy business e.g. sponsorship or fundraising of an individual academy. Trustees agreed to a waiver of central services charges during the year for both Park View Academy and Dean Trust Ardwick, the former due to conversion mid-

way through the financial year, the latter as a result of the initial limitation on funding as a start-up operation. The actual amounts charged during the year ended 31 August 2016 were as follows:

	Total 2016	Total 2015
	£'000	£'000
Ashton on Mersey School	375	461
Broadoak School	128	133
Forest Gate Academy	60	50
Lord Derby Academy	207	159
	<u>770</u>	<u>803</u>

12. Net income from trading activities of subsidiary company

Ashton on Mersey Teaching School Limited, a company incorporated in England and Wales with an allotted, called up and fully paid Ordinary share capital (£1 shares), is a wholly owned subsidiary of The Dean Trust. The company has been consolidated into the Trust financial statements. The business activities of Ashton on Mersey Teaching School Limited and its relationship with the Dean Trust is described on pages 4 and 5 of the Trustees report.

	2016	2015
	£'000	£'000
Turnover	418	719
Other operating charges	(412)	(689)
Inter group transactions	0	0
Net profit	6	30
Tax on profits	(1)	(6)
Transfer to reserves	5	24

A corporation tax liability was not recognised in the financial statements for the year ended 31st August 2015 as it was subject to decisions taken by the Board of Directors of Ashton on Mersey Teaching School Limited that had not been concluded at the date of signing the Trust financial statements. A liability of £5,976 subsequently crystallised and is reflected in these financial statements as a prior period adjustment (note 3).

13. Related Party Transactions – Trustees’ remuneration & expenses

One trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The Chief Executive and Group Academy Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive and Group Academy Principal and staff under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees’ remuneration and other benefits was as follows:

T Kapur (Chief Executive and Group Academy Principal and Trustee):	
Remuneration	£170,001 - £175,000 (2015: £150,001 - £155,000)
Employer pension contributions	£0 (2015: £20,000 - £25,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £1,532 (2015: £2,422) were reimbursed to 3 trustees (2015: 2 trustees), in accordance with the Trust’s policy.

Other related party transactions involving the trustees are set out in note 31.

14. Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £4,000,000 on any one claim and the cost for the year ended 31 August 2016 amounted to £4,770 (2015: £4,241). The cost of this insurance is included in the total insurance cost.

15. Tangible Fixed Assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Plant, furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total 2016 £'000
Cost						
At 1 September 2015	40,324	25,166	2,072	373	7	67,942
Asset reclassification	(90)	90	0	0	0	0
Transferred on conversion	0	4,325	0	0	0	4,325
Additions	0	84	412	558	0	1,054
Disposals	0	0	0	0	0	0
As at 31 August 2016	40,234	29,665	2,484	931	7	73,321
Depreciation						
At 1 September 2015	2,123	829	362	120	4	3,438
Asset reclassification	(2)	2	0	0	0	0
Charged in year	645	538	298	86	2	1,569
Disposals	0	0	0	0	0	0
As at 31 August 2016	2,766	1,369	660	206	6	5,007
Net book values						
As at 31 August 2016	37,468	28,296	1,824	725	1	68,314
At 31 August 2015	38,201	24,337	1,710	253	3	64,504

16. Stock

	Group		Academy Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Uniform	0	16	0	16
Stationery	50	78	50	78
	50	94	50	94

17. Debtors

	Group		Academy Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	78	146	47	23
Amounts owed by group undertakings	0	0	69	182
Accrued income	1,564	496	1,564	477
VAT recoverable	257	186	277	187
Other debtors	5	6	5	6
Prepayments	318	340	318	337
	<u>2,222</u>	<u>1,174</u>	<u>2,280</u>	<u>1,212</u>

18. Creditors

a) Amounts falling due within one year

	Group		Academy Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade creditors	589	687	589	683
Taxation and social security	371	550	370	544
Other creditors	298	355	298	355
Other creditors - SALIX Loan	18	27	18	27
Accruals and deferred income	1,419	1,288	1,404	1,271
	<u>2,695</u>	<u>2,907</u>	<u>2,679</u>	<u>2,880</u>

	Group		Academy Trust	
	2016 £	2015 £	2016 £	2015 £
Deferred income				
Deferred income at 1 September	895	740	895	740
Resources deferred in the year	603	895	633	895
Amounts released from previous years	(895)	(740)	(895)	(740)
Deferred income at 31 August	<u>603</u>	<u>895</u>	<u>633</u>	<u>895</u>

At the balance sheet date, the Trust was holding funds received in advance for NCSL collaborative funding, EFA funding, LA funding, and advance receipts for school trips.

b) Amounts falling due after more than one year

	Group		Academy Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
SALIX Loan	109	118	109	118
	<u>109</u>	<u>118</u>	<u>109</u>	<u>118</u>

The Trust received £144,704 of SALIX funding relating to capital projects in the year ended 31st August 2015. SALIX funding is an interest free loan approved by the Education Funding Agency (EFA) and is repayable in equal instalments over 8 years. The repayments due on the 1st September 2016 and 1st March 2017 are included in other creditors in note 18a.

Loan Analysis

	Group		Academy Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Due in less than one year	18	27	18	27
Due in more than one year but less than two	18	18	18	18
Due in two to five years	55	55	55	55
Due in more than five years	36	45	36	45
	<u>127</u>	<u>145</u>	<u>127</u>	<u>145</u>

19. Funds

	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General annual grant (GAG)	1,350	17,754	(18,005)	(298)	801
Start up grant	0	78	(78)	0	0
Pupil Premium	0	1,429	(1,429)	0	0
Other DfE/EFA grants	0	3,152	(3,152)	0	0
Other	0	0	0	0	0
Pension reserve	(4,155)	0	0	(4,558)	(8,713)
	<u>(2,805)</u>	<u>22,413</u>	<u>(22,664)</u>	<u>(4,856)</u>	<u>(7,912)</u>
Restricted fixed asset funds					
Transfer on conversion	0	4,325	0	0	4,325
DfE/EFA capital grants	64,359	126	(356)	234	64,363
Local Authority capital funds	0	1,213	(1,213)	0	0
Capital expenditure from GAG / Restricted Funds	0	0	0	0	0
Capital expenditure from Unrestricted Funds	0	0	0	0	0
Private sector capital sponsorship	0	0	0	0	0
	<u>64,359</u>	<u>5,664</u>	<u>(1,569)</u>	<u>234</u>	<u>68,688</u>
Total restricted funds	<u>61,554</u>	<u>28,077</u>	<u>(24,233)</u>	<u>(4,622)</u>	<u>60,776</u>
Unrestricted funds					
Unrestricted funds	2,423	744	(626)	64	2,605
Transfer on conversion	0	17	0	0	17
Total unrestricted funds	<u>2,423</u>	<u>761</u>	<u>(626)</u>	<u>64</u>	<u>2,622</u>
Total funds	<u>63,977</u>	<u>28,838</u>	<u>(24,859)</u>	<u>(4,558)</u>	<u>63,398</u>

The figures above refer to the consolidated balance sheet including the reserves of Ashton on Mersey Teaching School Limited, which amount to £29,127 (2015: £23,903 – following prior period adjustment).

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

Restricted general funds are those resources designated as restricted by the grant provider in meeting the objects of the Trust. Restricted fixed asset funds are those funds relating to the long term assets of the Trust used in delivering the objectives of the Trust. Unrestricted funds are funds that the Trustees may use in the pursuance of the Trust's objectives and are expendable at the discretion of the Trustees.

Under funding agreements with the Secretary of State for Education, the Trust is not subject to a limit on the amount of General Annual Grant (GAG) carry forward at 31 August 2016.

20. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total Funds
	£'000	£'000	£'000	£'000
Tangible fixed assets	0	0	68,314	68,314
Current assets	2,623	3,507	470	6,600
Current liabilities	(1)	(2,706)	13	(2,694)
Non-current liabilities	0	0	(109)	(109)
Pension scheme liability	0	(8,713)	0	(8,713)
	2,622	(7,912)	68,688	63,398

The figures above refer to the consolidated balance sheet including the reserves of Ashton on Mersey Teaching School Limited.

21. Capital Commitments

	2016 £'000	2015 £'000
Contracted but not provided in the financial statements	99	0
	99	0

Capital commitments contracted for but not provided for in the financial statements relate to building alterations at Lord Derby Academy (£25,000), and ICT and furniture for Dean Trust Ardwick. (£74,000)

A further sum of £408,000 was authorised but not contracted at 31 August 2016.

22. Commitments Under Operating Leases

Operating Leases

At 31 August 2016 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £'000	2015 £'000
Amounts due within one year	337	344
Amounts due between one and five years	381	710
Amounts due after five years	0	0
	718	1,054

PFI Commitments

Lord Derby Academy is a PFI school operating from a site that opened in September 2009 under a 25 year PFI contract. Upon the conversion of Lord Derby Academy on 1st February 2014, the Trust contracted with Knowsley MBC to discharge the financial obligations of unitary charges for the remainder of the contract. The unitary charges amount to £1,026,387 subject to annual indexation using RPI. Based on current values, at 31 August 2016 the Trust had unitary charge commitments as follows for the remaining 18 years of the PFI contract:

	2016	2015
	£	£
PFI Commitments		
Amounts due within one year	1,026	1,003
Amounts due within one and five years	4,106	4,014
Amounts due after five years	13,343	14,049
	18,475	19,066

23. Reconciliation of Net Income/ (Expenditure) to Net Cash Inflow from Operating Activities

	2016	2015
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,986	235
Adjusted for:		
Depreciation (note 15)	1,569	1,397
Loss on disposal of fixed assets	0	5
Donations - inherited fixed assets	(4,325)	0
Capital grants from DfE/EFA and other capital income	(1,339)	(963)
Interest receivable (note 7)	(6)	(6)
Defined benefit pension scheme obligation inherited	643	0
Defined benefit pension scheme cost less contributions payable (note 30)	169	218
Defined benefit pension scheme finance cost (note 30)	182	151
(Increase) / decrease in stocks	44	1
(Increase) / decrease in debtors	(1,048)	52
Increase / (decrease) in creditors	(221)	458
Net cash inflow from operating activities	(1,346)	1,548

24. Cash Flows from Financing Activities

	2016	2015
	£'000	£'000
Repayments of borrowing	(18)	0
Cash inflows from new borrowing	0	145
Cash transferred upon academy conversion	17	0
Net cash provided by / (used in) financing activities	(1)	145

25. Cash Flows from Investing Activities

	2016 £'000	2015 £'000
Dividends, interest and rents from investments	6	6
Purchase of tangible fixed assets	(1,054)	(1,365)
Capital grants from DfE/EFA	1,339	818
Capital grants from sponsors and others	0	0
Proceeds from sale of tangible fixed assets	0	0
Net cash provided by / (used in) investing activities	291	(541)

26. Analysis of Cash and Cash Equivalents

	At 1 September 2015 £'000	Cash flows £'000	At 31 August 2016 £'000	2015 £'000
Cash in hand and at bank	5,385	(1,056)	4,329	5385
Notice deposits	0		0	0
	5,385	(1,056)	4,329	5,385

27. Guarantees, letters of comfort and indemnities

No transactions arose

28. Contingent Liabilities

During the life of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

The Trust is currently defending a legal challenge in relation to Park View Academy. The legal process is ongoing at the balance sheet date. Trustees have taken legal advice on the matter and are of the opinion based on this advice that a liability, if any, will not be material to the financial statements.

29. 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.

30. Pension and Similar Obligations

The employees of the Academy Trust 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. Non-teaching staff are members of the Greater Manchester Pension Fund (GMPF) administered by Tameside Metropolitan Borough Council for Ashton on Mersey School, Broadoak School, Forest Gate Academy, and Dean Trust Ardwick, and the Merseyside Pension Fund (MPF) administered by Wirral Borough Council for Lord Derby Academy and Park View Academy. Both pension schemes are multi-employer defined-benefit schemes.

The pension cost is assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the most recent LGPS valuations for both the GMPF and MPF related to the period ended 31 March 2014.

There were no outstanding or prepaid contributions at the beginning of the period. A sum of £21,733 was due to the MPF at 31st August 2016 and this is included in with accrued expenditure within these financial statements.

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

Not less than every four years 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% scheme administration charge (previously 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.48% from September 2015 including a 0.08% scheme administration charge. During the previous the employer contribution rate was 14.1%. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension cost paid to TPS in the year ended 31st August 2016 amounted to £2,030,400 (2015: £1,714,967). These amounts include employer and employee contributions for the year ended 31st August 2016 of £1,287,998 and £742,402 respectively (2015: £1,013,863 and £701,103)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary and based upon triennial valuations using the projected unit method. The total contribution made for the year ended 31 August 2016 was £905,826 (2015: £735,000), of which employer's contributions totalled £652,196 (2015: 523,000) and employees' contributions totalled £253,630 (2015: £212,000). An additional lump sum of £91,325 (2015: £65,100) was paid by the employer to MPF in respect of those employees that are members of the scheme administered by MPF. The agreed employee contribution rates are banded from 5.5% to 12.5%.

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

Principal Actuarial Assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.4%	3.9%
Rate of increase for pensions in payment/inflation	2.1%	2.7%
Discount rate for scheme liabilities	2.1%	3.8%
Inflation assumption (CPI)	2.1%	2.2%
Commutation of pensions to lump sums (pre-April 2008 service)	55.0%	55.0%
Commutation of pensions to lump sums (post-April 2008 service)	80.0%	80.0%

The scheme liabilities are sensitive to changes in the principal actuarial assumptions. The table below shows the increase in scheme liabilities that would be experienced.

	At 31 August 2016	At 31 August 2015
	£000	£000
0.5% decrease in real discount rate	2,471	1,507
1 year increase in member life expectancy	511	321
0.5% increase in the salary increase rate	928	846
0.5% increase in the pension increase rate	1,721	631

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 2016	At 31 August 2015
<i>Current pensioners:</i>		
Males	21.4 years	21.4 years
Females	24.0 years	24.0 years
<i>Future pensioners:</i>		
Males	24.0 years	24.0 years
Females	26.6 years	26.6 years

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	7,228	5,330
Bonds	1,744	1,340
Property	636	450
Cash	671	315
Total market value of assets	10,279	7,435
Present value of scheme liabilities - Funded	(18,992)	(11,590)
Deficit in the scheme	(8,713)	(4,155)

The actual return on scheme assets was £400,000 (2015: £155,000).

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	169	218
Net interest cost	182	151
Expected return on pension scheme assets	0	0
Past service cost	0	0
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	0	0
Total operating charge	351	369

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

	Ashton on Mersey School		Broadoak School		Forest Gate Academy		Dean Trust Ardwick		Lord Derby Academy		Park View Academy		Total Funds	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At 1 September	6,776	6,052	2,106	1,914	620	542	0	0	2,088	1,801	0	0	11,590	10,309
Upon conversion	0	0	0	0	0	0	0	0	0	0	969	0	969	0
Current service cost	493	503	143	145	53	53	35	0	148	150	44	0	916	851
Interest cost	269	235	83	74	25	21	1	0	83	75	25	0	486	405
Employee contributions	127	128	32	32	13	12	9	0	38	40	11	0	230	212
Actuarial (gain)/loss	2,477	(121)	758	(34)	269	(8)	25	0	938	48	420	0	4,887	(115)
Benefits paid	(21)	(21)	(25)	(25)	0	0	0	0	(40)	(26)	0	0	(86)	(72)
Plan introductions, benefit changes, curtailments and settlements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 August	10,121	6,776	3,097	2,106	980	620	70	0	3,255	2,088	1,469	0	18,992	11,590

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

	Ashton on Mersey School		Broadoak School		Forest Gate Academy		Dean Trust Ardwick		Lord Derby Academy		Park View Academy		Total Funds	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At 1 September	5,070	4,504	1,690	1,554	474	413	0	0	201	37	0	0	7,435	6,508
Upon conversion	0	0	0	0	0	0	0	0	0	0	326	0	326	0
Interest income	201	175	66	59	19	16	1	0	9	4	8	0	304	254
Return on plan assets (excluding net interest on the net defined pension liability)	863	(67)	284	(23)	82	(6)	2	0	44	0	48	0	1,323	(96)
Actuarial (gain)/loss	0	0	0	0	0	0	0	0	0	(4)	0	0	0	(4)
Employee contributions	127	128	32	32	13	12	9	0	38	40	11	0	230	212
Employer contributions	354	351	95	93	41	39	27	0	177	150	53	0	747	633
Benefits paid	(21)	(21)	(25)	(25)	0	0	0	0	(40)	(26)	0	0	(86)	(72)
Plan introductions, benefit changes, curtailments and settlements	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 31 August	6,594	5,070	2,142	1,690	629	474	39	0	429	201	446	0	10,279	7,435

31. Related Party Transactions

The charity is controlled by the Trustees who are directors of the company with the exception of L McQue and D McGann who are Trustees only.

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

The following related party transactions took place in the period of account:

- Manchester United Foundation – a charity in which T Kapur, a trustee, Chief Executive, and Group Academy Principal is a board member, and J Shiels, a trustee, is the Chief Executive. The Manchester United Foundation operates a football hub from the Broadoak School site. This links with the football development plan for Partington and the neighbouring communities run by Broadoak School. The cost of the football hub amounted to £19,000 (2015: £16,451) and predominantly related to the employment of a football development officer by the Manchester United Foundation. There were no outstanding amounts at 31 August 2016 (2015: £nil).
- Trafford Community Leisure Trust (TCLT) – a charity in which T Kapur, a trustee, Chief Executive, and Group Academy Principal, was a board member. This organisation ceased trading on 30th September 2015 and operations were transferred to a new company, Trafford Leisure, from that date. The Trust traded with Trafford Leisure but T Kapur had no interest in this new company. Expenditure totalling £596 (2015: £62,067) was incurred with TCLT relating to charges for the hire and use of the Partington Leisure Centre and coaching services to Forest Gate Academy staff and pupils. There were no outstanding amounts at 31 August 2016 (2015: £nil). Partington Leisure Centre is based on the Broadoak School site. It is however not part of the Trust's estate. The building receives supplies of certain utilities via the same mains connection as Broadoak School. The relevant proportion of the consumption of these services by Partington Leisure Centre was charged to TCLT based upon meter readings or an agreed percentage of cost. A total of £nil (2015: £23,681) was charged by Broadoak School to TCLT in the year ended 31 August 2016. The Trust had also entered an agreement with TCLT in respect of community use of sports facilities owned by the Trust. The Trust accrues income under this agreement. A total of £6,392 (2015: £15,023) was received in the year ended 31 August 2016. There were no outstanding amounts at 31st August 2016 (2015: £nil).
- The Football Foundation – a charity in which T Kapur, a trustee, Chief Executive, and Group Academy Principal is chairman of the FA and Premier League facilities funding panel. Dean Trust Ardwick submitted a bid for funding for the construction of a sports pavilion with an estimated total cost of £750,000. T Kapur withdrew from all parts of the grant application process and subsequent assessment by The Football Foundation. The Football Foundation agreed a grant of £656,098 towards this development. A sum of £17,310 was received in the year ended 31 August 2016 (2015: £nil). There were no outstanding amounts at 31st August 2016 (2015: £nil).
- Ashton on Mersey Teaching School Limited is a wholly owned subsidiary of The Dean Trust. Under the terms of a shared services agreement, the Dean Trust provides staff to enable Ashton on Mersey Teaching School Limited to conduct its business for which agreed recharges are made. A sum of £169,229 was recharged in the year ended 31 August 2016 (2015: £455,400). Ashton on Mersey Teaching School Limited undertakes business from a base at the Ashton on Mersey School premises. A recharge for occupancy and other ancillary support costs such as reprographics is made and amounted to £62,085 in the year ended 31 August 2016 (2015: £63,417). A total of £69,448 was outstanding at 31 August 2016 (2015: £181,819) Ashton on Mersey Teaching School Limited provides continuing professional development to staff within The Dean Trust Schools and a charge is made for these development activities. In the year ended 31 August 2016 this totalled £4,173 (2015: £10,255).

32. Fund balances

Fund balances at 31 August 2016 were allocated as follows:

	2016 £'000	2015 £'000
Ashton on Mersey School	1,473	1,611
Ashton on Mersey Teaching School Limited	29	24
Broadoak School	161	376
Forest Gate Academy	274	164
Dean Trust Ardwick	29	0
Lord Derby Academy	1,494	1,598
Park View Academy	(37)	0
Total before fixed asset and pension reserve	3,423	3,773
Restricted fixed asset fund	68,688	64,359
Pension reserve	(8,713)	(4,155)
Total	63,398	63,977

Park View Academy joined the Trust during this financial year. The Trust will be taking action to return the academy budget to a surplus. This will include a robust plan to grow pupil numbers at the academy towards full capacity. It will also include a review of staffing structures and the cost base generally to align costs with currently available funds and other income streams. In the meantime, the Trust will be supporting the academy deficit.

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Depreciation £'000	Total 2016 £'000	Total 2015 £'000
The Dean Trust	297	725	62	82	16	1,182	804
Ashton on Mersey School	5,528	977	1,222	1,675	541	9,943	9,142
Broadoak School	1,944	260	203	718	402	3,527	3,361
Forest Gate Academy	868	67	88	323	81	1,427	1,334
Dean Trust Ardwick	464	134	85	396	4	1,083	0
Lord Derby Academy	3,409	482	478	1,414	483	6,266	6,156
Park View Academy	707	96	33	183	42	1,061	0
Total funds	13,217	2,741	2,171	4,791	1,569	24,489	20,797

33. Conversion to an Academy Trust

On 1 September 2015 Dean Trust Ardwick opened as a new academy under the Academies Act 2010. As a new academy there were no operations, assets, or liabilities to transfer to the Academy Trust.

On 1 January 2016 Park View Academy (formerly Park View Primary) converted to academy status under the Academies Act 2010 and all of the operations and assets and liabilities were transferred to The Dean Trust from Knowsley MBC for £nil consideration. Park View Primary land and buildings transferred under a long lease of 125 years with a peppercorn rent of £nil.

The Park View Academy has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000
Dean Trust Ardwick				
Leasehold land & buildings	0	0	0	0
Other fixed assets	0	0	0	0
Surplus on LA funds	0	0	0	0
LGPS pension deficit	0	0	0	0
Park View Academy				
Leasehold land & buildings	0	0	4,325	4,325
Other fixed assets	0	0	0	0
Surplus on LA funds	17	0	0	17
LGPS pension deficit	0	(643)	0	(643)
Total funds	17	(643)	4,325	3,699

34. Agency Arrangements

The Trust distributes 16-19 bursary funds and school centred initial teacher training (SCITT) bursaries to students as an agent for the Education Funding Agency (EFA). In the financial year ending 31 August 2016 the Trust received £12,456 of 16-19 bursaries and £250,000 of SCITT bursaries. It disbursed £12,456 (cash and in kind) and £234,000 from the respective funds. An amount of £16,000 is included in other creditors relating to undistributed SCITT funds that is repayable to the EFA.

35. Events after the balance sheet date

Partington Primary School a maintained primary school in Trafford converted to an academy and joined The Dean Trust with effect from the 1 September 2016. The school was rebranded and named Partington Central Academy upon conversion. Pre-conversion grants and related expenditure are accounted for within these financial statements.

Dean Trust Ardwick operated from a temporary base during the year ended 31st August 2016 and as a consequence there was no land, buildings or other fixed assets included in these financial statements. The academy moved to a new building in September 2016. The appropriate fixed asset values will be included in the financial statements for the year ending 31st August 2017.

At a meeting of the Board on the 17th October 2016, Trustees gave in principal approval to pursue due diligence at Blacklow Brow, a maintained primary school in Knowsley Council, and Abraham Guest Academy, an existing sponsored academy re-brokerage in Wigan. Trustees will be considering the results of due diligence when available before reaching a decision on whether to admit both to the Trust. A target conversion date of 1st April 2017 has been set for both, subject to Board approval.