

Dunstone Education Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2019

Dunstone Education Trust
Annual Report and Financial Statements
Year Ended 31st August 2019

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Dunstone Education Trust

Reference and Administrative Details

Year Ended 31st August 2019

Members

Sir C W Dunstone (Sponsor)
V Hornby
T Morris
J Dean (appointed 25th April 2019)

Trustees

J Dean (Chair)
J Garnsey
J Nowell
H Ross
M Snelson
D Walker
J Cannon (appointed 23rd January 2019)

Company Secretary

E Wortley-Shotton

Senior Leadership Team

- Principal/Accounting Officer
 - Vice Principal
 - Vice Principal
 - Business Director/CFO
 - Assistant Principal
 - Assistant Principal
- P Grant (appointed 25th February 2019)
L Waring
A Haughey (appointed 22nd April 2019)
E Wortley-Shotton
C Cardwell (appointed 1st September 2019)
H Goacher (appointed 3rd June 2019)
F Graham (resigned 31st August 2019)
R Madajczyk (appointed 1st September 2019)
L McLinden (appointed 1st September 2019)
D Waring (resigned 31st August 2019)
S Wells

Company Name

Dunstone Education Trust

Principal and Registered Office

Black Bull Lane
Fulwood
Preston
PR2 9YR

Registered Company Number

06960253

Independent Auditor

CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Bankers

Lloyds Bank
Mercer Row
Louth Branch
PO Box 1000
BX1 1LT

Solicitors

Browne Jacobson LLP
14th Floor
No 1 Spinningfields
Hardman Square
Spinningfields
Manchester
M33EB

Dunstone Education Trust

Trustees' Report

Year Ended 31st August 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from the 1st September 2018 to the 31st August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in North Preston. It has a pupil capacity of 1000 and had a roll of 755 in the school census on 3rd October 2019.

Structure, Governance and Management

Constitution

The Dunstone Education Trust is a company limited by guarantee and an exempt charity. The Academy Trust was incorporated on 13 July 2009 and commenced trading on 1 September 2009. During the year the Academy Trust has renamed itself to the 'Dunstone Education Trust', previously 'The Fulwood Academy'. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by Sir Charles Dunstone, the sponsor of the Academy Trust. The articles of association require the members of the charitable company to appoint at least three members to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The charitable company is now known as the Dunstone Education Trust with effect from 1st May 2019 following the change of name.

Details of the trustees and governors who served throughout 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.

Principal Activities

The principal object and activity of the charitable company is the operation of the Dunstone Education Trust to provide education for pupils of different abilities between the ages of 11 and 16.

The company also maintained the Fulwood Academy Endowment Fund. The Fund was created to hold the endowment to be paid by the Academy's sponsor, the Charles Dunstone Charitable Trust. The trust closed the charitable endowment fund on 5th June 2019 via an order made between the trust and the Charities Commission. The funds held in the endowment fund at the time of closure, were transferred to general restricted reserves, and would be used to support projects moving forward. This income is not to be used to meet the normal running costs of Fulwood Academy.

Method of Recruitment and Appointment or Election of Trustees

The members and Chair of Trustees are appointed by the academy trust sponsor; the board must appoint a minimum of three members and establish a trustee board. The Secretary of State for Education may appoint trustees in exceptional circumstances. During the year 2018/19 one additional member and one trustee have been appointed. There were no resignations. Trustees, with the exception of the Chair may be removed by the Trustee board. The Trustee board also includes a local government representative who was appointed by Lancashire County Council. The Education and Skills Funding Agency (ESFA) may appoint an observer to the Trustee board if it feels necessary.

Dunstone Education Trust

Trustees' Report

Year Ended 31st August 2019

Policies and Procedures Adopted for the Induction and Training of Trustees.

All trustees are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as trustees.

Organisational Structure

The academy trust is governed by the trustee board who appoint two sub-committees to focus on Standards and Resources. Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the academy trust consists of three levels: The members, trustees, and the senior executive team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major strategic decisions about the direction of the academy, and senior staff appointments. The trustees are responsible for monitoring the performance of the Principal and senior executive team on a regular basis.

The senior leadership team members are the Principal/Accounting Officer of Fulwood Academy, the two Vice Principals, the Business Director/Chief Financial Officer, and five Assistant Principals. These leaders currently control the academy trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the senior leadership team are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Pay decisions are reviewed annually during the autumn term by a committee of three trustees following a robust performance management process set by the Principal and Academy senior leadership team. Staff members have to show success in three mutually agreed objectives in order for a decision to be recommended for any pay progression.

Once this process has been completed a list of recommendations are then submitted to the resources committee trustees for final approval. Members and trustees receive no remuneration in relation to their roles, and act in a voluntary capacity with their work at the Dunstone Education Trust.

Related Parties and Other Connected Charities and Organisations

The Dunstone Education Trust is sponsored by Sir Charles Dunstone. The academy receives funding from 'The Charles Dunstone Charitable Trust' through the form of donations. The charity is a grant making trust applying funds to various charities at the trustee's discretion. The Charles Dunstone Charitable Trust has connections with many organisations in the arts and culture, community care, education, training, medical and social welfare sectors.

The Dunstone Education Trust confirms it does not have any connections or links, directly or indirectly to any of the other charities supported by the Charles Dunstone Charitable Trust.

Objectives and Activities

Objects and Aims

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the pupils are drawn, and that the curriculum should develop the substance of the national curriculum.

Dunstone Education Trust

Trustees' Report

Year Ended 31st August 2019

The main objectives of the Academy during the period ended 31 August 2019 are summarised below:

- To improve outcomes for all pupils
- To implement a new broad and balanced curriculum
- To raise expectations and aspirations
- To model lifelong learning approaches amongst staff and pupils
- To value and practice exemplary teaching
- To initiate and practice collaboration and partnerships with pupils, colleagues, parents and carers and the communities of Fulwood to build regional, national and international networks to benefit our pupils
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Objectives, Strategies and Activities

The academy trusts main strategy is encompassed in its ethos, vision, and values wherein the academy trust is committed to young people's entitlement to a good education, and pupils of all abilities will be supported to achieve their full potential. Staff and pupils are committed to the trust's vision "Working as a team in the pursuit of excellence for all" "and team values of "Trust", "Excellence", "Ambition", "Manners".

To this end the academy trust aims in 2019/20 are to:

- Review the trust's vision for location and expansion
- Ensure that Fulwood Academy is removed from special measures within 18 to 24 months
- Improve outcomes rapidly particularly in English, maths and science
- Provide a structure for holding school leaders to account and is frequently monitoring the post Ofsted action plan, ensuring it is systematic, transparent and effective
- Ensure that the trust is confident the information that it is being provided with is accurate and robust
- Ensure the academy is well managed financially and is focussed on integrated curriculum led financial planning which meets the needs of all pupils
- Ensure the academy is fully compliant whilst embedding systems and procedures to identify, monitor and mitigate risk.

Trustees will regularly assess the above aims against performance measures received from a number of internal and credible external sources, including the DfE, ESFA, OFSTED through monitoring visits, the trusts School Improvement Partner, Preston Teaching School Alliance representatives and the Trust's responsible officers CWR Accountants.

Public Benefit

The academy trust operates one academy (Fulwood Academy) and its catchment includes some of the most deprived areas of Lancashire. Pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DfE), which is based on the Academy's catchment area. Pupils are able to study a wide range of subjects, and in addition the Academy offers a range of activities and experiences (extra-curricular activities) for its pupils, funded from donations and other non-restricted income, which help our pupils to broaden their horizons beyond the immediate area.

Strategic report

Achievements and Performance

The academic year 2018-19 has been challenging for Fulwood Academy. At the beginning of the year the Vice Principal was appointed as the Acting Principal following the departure of the previous Principal, as a temporary measure until the Trustees appointed a new Principal.

Dunstone Education Trust

Trustees' Report

Year Ended 31st August 2019

The new Principal took up post at the start of the fourth half term and immediately formulated and implemented a School Recovery Plan. On the same day the Principal started at Fulwood Academy the school underwent a Section 5 OFSTED inspection which confirmed the school was inadequate in all areas and was therefore placed into 'special measures'.

The Rapid Improvement Plan incorporates many critical themes including:

- Enhancing the curriculum offer to deliver rapid improvements in the academic success of children at the school
- Changing the Leadership and staffing structure in reflection of the new curriculum offer
- Introducing new expectations in both academic and safeguarding activities across the school to ensure the children's' safety
- Engaging with external and internal stakeholders to re-establish effective relationships

The Academy has undergone a full and comprehensive review of all its key areas of activities and rapid change has been implemented resulting in:

- A new curriculum built around the needs of the children specific to the locality of the school- focusing on key themes of engaged knowledge, cultural capital and academic success
- A largely new senior leadership team to complement the new Principal and new staffing structure to support the new curriculum on offer
- A new Behaviour and Attendance Policy to enhance the students' behaviours and ensure that children are safe within the academy
- New parents' and students' communications to secure effective and long lasting positive relationships

During this period of significant transformation, the school has continued to work tirelessly to improve students' academic results. Performance marginally exceeded predictions, however it remains considerably below national benchmarks. The performance of disadvantage pupils continues to be significantly below national expectations. Areas that performed well and above national were Art and Design (Graphics) Art and Design (Fine art) Creative Media and BTEC sport. Mathematics saw an improvement in grade 5 -7s but overall progress was poor. All core subjects were substantially below national benchmarks. The schools P8 figure was fractionally better than predicted at -1.13 and mathematics and English at grade 4plus was 44% and for 5plus was 25%. On average 20% less than national. Pupil premium contributes to around 50% of the schools roll and overall this cohort performed poorly. Poor levels of Attendance and poor quality teaching contributed to these poor results.

Fulwood Academy experienced a second 'without designation Section 8' OFSTED inspection in June 2019. Following this inspection, the inspectors reported that the changes implemented at the school had started to have a positive impact. A comment reported by the Inspector was "Having considered the evidence I am of the opinion that at this time leaders are taking effective action to address the areas for improvement related to safeguarding."

The new academic year offers an exciting opportunity for the Academy to embrace and embed the many necessary changes introduced including the new curriculum plans, a new senior team, new specialist teaching staff, new policies and systems and an effective improvement plan which will robustly measure progress regularly to allow Fulwood Academy to really have an impact on learners academic progress.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. 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 Accounting Policies note of the financial statements.

Financial Review

Dunstone Education Trust

Trustees' Report

Year Ended 31st August 2019

Operating and Financial Review

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds (non fixed assets) in the Statement of Financial Activities. The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £7,592,000 (2018: £6,539,000) was greater than recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year was £1,114,000 (2018: £137,000 surplus), prior to actuarial movements on the pension scheme.

At 31 August 2019 the net book value of fixed assets was £412,000 (2018: £430,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy. The academy's non-teaching staff are entitled to membership of the Local Government

Pension Scheme. The academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the academy trust's balance sheet includes a net liability of £1,163,000 (2018: £243,000).

Reserves Policy

The academy's "free" reserves are its funds after excluding restricted funds and the permanent endowment fund. "Reserves" are therefore the resources the academy has or can make available to spend for any or all of the academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the academy which is to be spent at the trustees' discretion in furtherance of any of the academy's objects but which is not yet spent, committed or designated.

The academy is in a development phase. Whilst demands on the academy's free reserves will continue for the next two years to support a recent investment in ICT, the Academy's long-term policy is that the appropriate level of free reserves should be maintained at least to the equivalent of one month's expenditure, currently estimated to be between £350,000 and £450,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy's current level of free reserves stand at £3,000 (2018: £199,000). However, it does hold substantial balances to be used for the Academy's charitable purposes. In the medium term, the Academy intends to build up its free reserves to the level required, which will be achieved as pupil numbers and income levels improve over the medium to long term.

Investment Policy

The trustees agree all investments made by the academy. Investments are made with regard to Charities Commission guidance in relation to investments. Currently all investments are held in cash.

Principal Risks and Uncertainties

The Academy maintains a detailed risk register that is discussed by trustees and the senior leadership team and key risks are then reported back to the Full Trustee Board. The Academy's key risks currently are academic, based around standards, examination results, and the Academy's ability to increase its profile within the local community in order to improve lower admission numbers into year 7 over the last 2 years.

Dunstone Education Trust

Trustees' Report

Year Ended 31st August 2019

Risk Management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, pupil progress, data reliability and other operational areas of the Academy, and its finances. The trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, behaviour management, health and safety and bullying) and in relation to the control of finance. They have systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of academy grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls, and financial controls are reviewed on an annual basis.

Financial and Risk Management Objectives and Policies

The academy will carry a cash balance into 2019/2020 which is smaller than in previous years, cash flow will therefore continue to be closely managed. The decrease in pupil numbers will affect grant funding in 2019/2020 and beyond. The Academy Trust intends to utilise its cash balances to cushion the impact of any falling grants over time. The Academy does carry a pension deficit, which has increased from £243,000 as at 31st August 2018 to £1,163,000 as at 31st August 2019, however the current cash impact this deficit has on the Academy is limited to employer contributions the academy trust continues to makes.

Key Performance Indicators

The key performance indicators of the Academy are considered to be pupil outcomes, pupil numbers, attendance rates, incoming resources and expenditure and the integrated curriculum financial planning metrics. These KPI's are discussed within the Strategic Report within 'Achievements and Performance' and 'Financial Review'.

Plans for Future Periods

In setting our objectives and planning our activities the trustees have given careful consideration to the Charities Commission's general guidance on public benefit.

The academy will continue striving to improve the levels of performance of its pupils at all levels and continue its efforts to ensure its pupils get jobs, apprenticeships or a place in higher education once they leave. The academy's targets for 2019/2020 are to secure improved progress and outcomes for pupils and raising pupil attendance rates.

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on and signed on the board's behalf by:

.....
Joan Dean
Member & Chair of Trustees

Dunstone Education Trust

Governance Statement

Year Ended 31st August 2019

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between the Dunstone Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trustee board has met on ten occasions during the year. Attendance during the year at meetings of the Trustee board was as follows: -

Trustee		Meetings Attended	Out of a possible
J Dean	Chair of Trustees	10	10
P Grant	Principal / Accounting Officer	5	5
J Cannon	Trustee	6	6
J Garnsey	Trustee	8	10
J Nowell	Trustee	8	10
H Ross	Trustee	9	10
M Snelson	Trustee	10	10
D Walker	LEA Trustee	9	10

In addition to these meetings there was regular dialogue between both the Principal and Chair of Trustees, and the Chair of Trustees and Sponsor.

Review of Value for Money

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

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

Resources were effectively deployed in 2018-19.

Set out below are details on how the Academy trust's use of its resources has provided good value for money during the academic year:

Improving educational results

The staffing structure is reviewed at regular intervals to ensure staffing is efficiently covering the teaching required after Option choices at GCSE have been made.

Dunstone Education Trust

Governance Statement

Year Ended 31st August 2019

The Academy continues to use resources to improve literacy and reading levels particularly at key stage 3.

- The Springboard programme was introduced to close gaps from key stage 2
- A full-time Librarian managed the Library/Learning Centre for study/reading and research.
- A wide range of literary support programmes operate in order to develop literacy levels

The Academy made use of sponsorship funds to subsidise uniform for the pupils and ensure pupils from disadvantaged backgrounds had equal opportunities at the academy to progress their studies.

- The Academy uses the Blue Sky software to manage staff performance management and utilises the IRIS programme to develop the quality of learning and teaching.
- Teaching Assistants are assigned to pupils and used to improve progress.
- The Academy has also acquired the services of a former Ofsted Inspector to act as the Academy Improvement Partner. She provides support to the senior and middle leadership team and acts as quality assurance for the Academy.
- Our Academy Plus Unit does much work with individual pupils. Dyslexic pupils receive 1:1 attention as do EAL pupils. Individual pupils are mentored by Teaching Assistants. Additional pastoral support is given, with counselling, nurture groups etc.
- An enrichment programme for Year 7-11 provides a rich variety of extra-curricular activities.

The Academy tracks the Pupil Premium spending to evidence impact on pupil achievement and has employed an additional attendance officer in order to further improve attendance, particularly for the most disadvantaged learners.

Financial Governance

In addition to following the Academies Financial Handbook, the academy trust has its own Financial Regulations Manual, and Financial Scheme of Delegation which details information on the academy's accounting procedures. These manuals are reviewed annually by the Business Director and trustees.

Purchasing

Many of the educational material orders are placed with regular preferred suppliers with best prices negotiated at budget holder level. A significant discount has also been negotiated with a book supplier and contracts are being evaluated constantly.

Increased use of the internet, with easy price comparison, has also given better opportunity to get lowest cost. The Business Director also maintains a preferred supplier database to ensure easy tracking of best value arrangements.

Income Generation

Circumstances within the Academy (i.e. transfer to new building late in 2012) have been such that much of the revenue from lettings has been temporarily suspended due to planning permissions for floodlights being declined and therefore income from letting the 3G astro turf pitch is limited. During 2018/19 Fulwood Academy won a second Conditions Improvement Funding from the ESFA, totaling £306,000, to enable a second phase of roofing repairs to be carried out. It is expected that the second phase of the project will be completed by November 2019.

Dunstone Education Trust

Governance Statement

Year Ended 31st August 2019

Controls

Regular budget monitoring reports are reviewed on a monthly basis. External audit reports are prepared on an annual basis by CWR Chartered Accountants and these reports investigate the processes of many of the financial procedures. These reports are shared directly with trustees.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Fulwood Academy Trust for the year ended 31st August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31st August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports;
- setting targets to measure financial and other performance;
- financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- Identification and management of risks.

The trustee board has considered the need for a specific internal audit function and decided to use CWR Chartered Accountants as an independent reviewer instead of an internally appointed Responsible Officer ("RO").

CWR Chartered Accountants last reported to the trustee board on 25th April 2019. CWR Chartered Accountants undertook a full review of internal financial systems and procedures to ensure that an adequate internal control framework has been maintained in the year.

Dunstone Education Trust

Governance Statement

Year Ended 31st August 2019

Review of Effectiveness

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

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

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

Approved by order of the members of the Board of Trustees on the and signed on its behalf by:

.....
Joan Dean
Member and Chair of Trustees

.....
Philip Grant
Accounting Officer

Dunstone Education Trust

Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2019

As Accounting Officer of the Dunstone Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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

.....
Philip Grant
Accounting officer

Date:

Dunstone Education Trust

Statement of Trustees' Responsibilities

Year Ended 31st August 2019

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure. 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 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education & Skills Funding Agency and Department for Education 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 the and signed on its behalf by:

.....
Joan Dean
Member and Chair of Trustees

Dunstone Education Trust

Independent Auditor's Report to the Members of Dunstone Education Trust

Year Ended 31st August 2019

Opinion

We have audited the financial statements of Dunstone Education Trust (the 'Academy Trust') for the year ended 31st August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at the 31st August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other Information includes the trustees' report (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

(Continued)

Dunstone Education Trust

Independent Auditor's Report to the Members of Dunstone Education Trust

Year Ended 31st August 2019

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Dunstone Education Trust

Independent Auditor's Report to the Members of Dunstone Education Trust

Year Ended 31st August 2019

Auditor's responsibilities for the audit of the financial statements

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

.....
Mr Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date:

Dunstone Education Trust

Independent Reporting Accountant's Assurance Report on Regularity to Dunstone Education Trust and the Education & Skills Funding Agency

Year Ended 31st August 2019

In accordance with the terms of our engagement letter dated 31st August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Dunstone Education Trust during the year from the 1st September 2018 to the 31st August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Dunstone Education Trust's Accounting Officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1st September 2018 to the 31st August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 4 of Annex B of the Academies Accounts Direction 2018 to 2019 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

Dunstone Education Trust

Independent Reporting Accountant's Assurance Report on Regularity to Dunstone Education Trust and the Education & Skills Funding Agency

Year Ended 31st August 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from the 1st September 2018 to the 31st August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Mr Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date:

Dunstone Education Trust

Statement of Financial Activities (including Income and Expenditure Account)

Year Ended 31st August 2019

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endow- ment Fund £000	Total 2019 £000	Total 2018 £000
Income and endowments from:							
Donations and capital grants	2	-	804	542	-	1,346	1,679
Charitable activities:							
Funding for the academy trust's educational operations	3	-	4,987	-	-	4,987	4,907
Other trading activities	4	30	64	46	-	140	88
Investments	5	5	-	-	-	5	2
Total		35	5,855	588	-	6,478	6,676
Expenditure on:							
Charitable activities:							
Academy trust's educational operations	7	31	7,435	126	-	7,592	6,539
Other							
Total		31	7,435	126	-	7,592	6,539
Net income/(expenditure)		4	(1,580)	462	-	(1,114)	137
Transfers between funds	15	(200)	2,666	(466)	(2,000)	-	-
Other recognised gains/(losses)							
Actuarial (losses)/gains on defined benefit pension schemes	15, 25	-	(660)	-	-	(660)	527
Net movement in funds		(196)	426	(4)	(2,000)	(1,774)	664
Reconciliation of funds:							
Total funds brought forward	15	199	(536)	698	2,000	2,361	1,697
Total funds carried forward	15	3	(110)	694	-	587	2,361

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

Dunstone Education Trust

Balance Sheet

Year Ended 31st August 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	11		412		430
Current assets					
Debtors	12	166		163	
Cash at bank and in hand		1,789		2,304	
		<u>1,955</u>		<u>2,467</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(617)</u>		<u>(293)</u>	
Net current assets			<u>1,338</u>		<u>2,174</u>
Total assets less current liabilities			1,750		2,604
Creditors: Amounts falling due after more than one year	14		-		-
Net assets excluding pension liability			<u>1,750</u>		<u>2,604</u>
Defined benefit pension scheme liability	25		(1,163)		(243)
Net assets including pension liability			<u>587</u>		<u>2,361</u>
Funds of the Academy Trust:					
Restricted funds					
Permanent Endowment	15	-		2,000	
Fixed Asset Funds	15	694		698	
Non-Fixed Asset Fund	15	-		(447)	
Restricted Income Fund	15	1,053		154	
Pension Reserve	15	<u>(1,163)</u>		<u>(243)</u>	
Total restricted funds			584		2,162
Unrestricted income funds	15		3		199
Total funds			<u>587</u>		<u>2,361</u>

The financial statements on pages 20 to 44 were approved by the trustees, and authorised for issue on the and are signed on their behalf by:

.....
Joan Dean
Chair of Trustees

Company Limited by Guarantee
 Registration Number: 06960253

Dunstone Education Trust

Statement of Cash Flows

Year Ended 31st August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash used in/provided by operating activities	19	(991)	193
Cash flows from investing activities			
	21	476	(18)
Cash flows from financing activities			
	20	-	-
Change in cash and cash equivalents in the reporting period		<u>(515)</u>	<u>175</u>
Cash and cash equivalents at 1st September 2018		2,304	2,129
Cash and cash equivalents at 31st August 2019	22	<u>1,789</u>	<u>2,304</u>

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

1 Accounting policies

General information and basis of preparation

Dunstone Education Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements and the principal place of business is Black Bull Lane, Fulwood, Preston, PR2 9YR. The nature of the Academy Trusts operations and principal activities are set out in the Trustees' Report on page 4.

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going concern

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

Income

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

- **Grants receivable**

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

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

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

Capital grants are recognised when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

1 Accounting policies (continued)

Income (continued)

- **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 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".

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.

The Academy has not yet signed a lease in relation to the new school. The Academy will enter into a 125 year lease for the entire site, including the refurbished main hall and sports hall, once snagging issues are resolved. The premises have been externally valued and will be capitalised into the balance sheet once the lease is signed and depreciated over their estimated useful life, deemed to be 50 years. A notional rent charge of £580,855 has been made which will continue annually until the Academy is transferred on completion of the lease.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

1 Accounting policies (continued)

Tangible fixed assets

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

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

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

Leasehold land and Buildings	5-50-year straight line
Fixtures, Fittings and Equipment	3-10 years straight line
ICT Equipment	3 years 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 and reclassified to freehold or leasehold land and buildings.

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

Liabilities

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

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.

1 Accounting policies (continued)

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

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 Part 11, Chapter 3 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

1 Accounting policies (continued)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

2 General Annual Grant (GAG)

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

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

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital grants	-	542	542	330
Private Sponsorship	-	200	200	723
Notional Rent	-	581	581	581
Other donations	-	23	23	45
	<u>-</u>	<u>1,346</u>	<u>1,346</u>	<u>1,679</u>

Income from donations and capital grants was £1,346,000 (2018 - £1,679,000) of which £nil (2018 - £7,000) was attributable to unrestricted funds, £1,346,000 (2018 - £1,342,000) was attributable to restricted general funds and £542,000 (2018 - £330,000) was attributable to restricted fixed asset funds.

£486,301 (2018 - £313,000) of government grants were received for capital and maintenance works.

4 Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,537	4,537	4,551
Other DfE Group grants	-	370	370	314
	<u>-</u>	<u>4,907</u>	<u>4,907</u>	<u>4,865</u>
Other Government grants				
Local Authority grants	-	80	80	42
	<u>-</u>	<u>80</u>	<u>80</u>	<u>42</u>
	<u>-</u>	<u>4,987</u>	<u>4,987</u>	<u>4,907</u>

Funding for Academy Trust's educational operations was £4,987,000 (2018 - £4,907,000) of which £nil (2018 - £nil) was attributable to unrestricted funds, £4,987,000 (2018 - £4,907,000) was attributable to restricted general funds and £nil (2018 - £ nil) was attributable to restricted fixed asset funds.

£4,987,000 (2018 - £4,907,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	13	-	13	14
Catering income	10	-	10	10
Supply staff insurance claims	-	64	64	55
Sundry Income	7	-	7	9
Sale of assets	-	46	46	-
	<u>30</u>	<u>110</u>	<u>140</u>	<u>88</u>

Income from other trading activities was £139,000 (2018 - £88,000) of which £30,000 (2018 - £33,000) was attributable to unrestricted funds, £109,000 (2018 - £55,000) was attributable to restricted general funds and £nil (2018 - £nil) was attributable to restricted fixed asset funds.

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	<u>5</u>	<u>-</u>	<u>5</u>	<u>2</u>
	<u>5</u>	<u>-</u>	<u>5</u>	<u>2</u>

Investment income was £5,000 (2018 - £2,000) of which £5,000 (2018 - £2,000) was attributable to unrestricted funds, £nil (2018 - £nil) was attributable to restricted general funds and £nil (2018 - £nil) was attributable to restricted fixed asset funds.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

7 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2019 £000	Total 2018 £000
Academy Trust's educational operations					
Direct costs	4,016	-	583	4,599	4,255
Allocated support costs	790	1,656	547	2,993	2,284
	<u>4,806</u>	<u>1,656</u>	<u>1,130</u>	<u>7,592</u>	<u>6,539</u>

£31,000 (2018 - £34,000) of the above expenditure on the Academy Trust's educational was attributable to unrestricted funds, £7,435,000 (2018 - £6,396,000) was attributable to restricted general funds and £126,000 (2018 - £109,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2019 £000	2018 £000
Operating lease rentals	173	4
Depreciation	126	109
Fees payable to the auditor for:		
Audit	5	5
Other services	4	4
	<u>308</u>	<u>122</u>

No transactions have taken place under Section 3.1.2 of the 2018 Academies Financial Handbook which require additional disclosure.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

8 Charitable activities

	Total 2019 £000	Total 2018 £000
Direct costs – educational operations	4,599	4,255
Support costs – educational operations	2,993	2,284
	<hr/> 7,592	<hr/> 6,539

Analysis of support costs	Total 2019 £000	Total 2018 £000
Support staff costs	790	683
Depreciation	126	109
Premises costs	1,530	930
Other support costs	524	538
Governance costs	23	24
Total support costs	<hr/> 2,993	<hr/> 2,284

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

9 Staff

(a) Staff costs

	2019	2018
	£000	£000
Staff costs during the period were:		
Wages and salaries	3,498	3,204
Social security costs	340	329
Pension costs	684	629
	<u>4,522</u>	<u>4,162</u>
Agency staff costs	63	196
Staff restructuring costs	221	32
	<u>4,806</u>	<u>4,390</u>
Staff restructuring costs comprise:		
Redundancy payments	112	-
Severance payments	109	32
	<u>221</u>	<u>32</u>

(b) Non-statutory / non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £108,786 (2018 - £31,579). Individually, the payments were for £70,047, £21,268, £17,471.

(c) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full-time equivalents, was as follows:

	2019	2019	2018	2018
	Number	Full-time equivalent	Number	Full-time equivalent
Teachers	49	48	49	48
Administration and support	49	39	47	35
Management	8	8	10	10
	<u>106</u>	<u>95</u>	<u>106</u>	<u>93</u>

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

9 Staff (continued)

(d) Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	1	2
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1

(e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £674,000 (2018 - £758,000).

10 Related party transactions - Trustees' remuneration and expenses

No Trustees have been paid remuneration or have received other benefits from employment with the Academy Trust.

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

11 Trustees' and officers' insurance

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

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

12 Tangible fixed assets

	Leasehold Land and Building £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost				
At 1 September 2018	798	151	187	1136
Additions	-	72	36	108
Disposals	-	-	(67)	(67)
At 31 st August 2019	<u>798</u>	<u>223</u>	<u>156</u>	<u>1,177</u>
Depreciation				
At 1 st September 2018	(409)	(132)	(165)	(706)
Charged in period	(78)	(24)	(24)	(126)
Disposals	-	-	67	67
At 31 August 2019	<u>(487)</u>	<u>(156)</u>	<u>(122)</u>	<u>(765)</u>
Net book values				
At 31 st August 2018	389	19	22	430
At 31 st August 2019	<u>311</u>	<u>67</u>	<u>34</u>	<u>412</u>

13 Debtors

	2019 £000	2018 £000
Trade debtors	3	37
VAT recoverable	25	22
Other debtors	77	24
Prepayments and accrued income	61	80
	<u>166</u>	<u>164</u>

14 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	100	71
Other taxation and social security	87	84
Other creditors	61	25
Accruals and deferred income	369	113
	<u>617</u>	<u>293</u>

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

15 Funds

	Balance at 1 st September 2018 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	154	4,537	(5,307)	666	50
Other DfE/ESFA	-	370	(370)	-	-
LEA Funding	-	80	(80)	-	-
Donation for rent premises	-	581	(581)	-	-
Donation for educational operations	-	200	(750)	450	(100)
Charles Dunstone Charitable Trust	-	-	-	1,103	1,103
Loan to restricted fixed assets funds	(447)	-	-	447	-
Other restricted funds	-	87	(87)	-	-
Pension reserve	(243)	-	(260)	(660)	(1,163)
	<u>(536)</u>	<u>5,855</u>	<u>(7,435)</u>	<u>2,006</u>	<u>(110)</u>
Restricted permanent					
Endowment fund	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	268	542	-	(528)	282
Capital Expenditure from GAG	205	-	(82)	108	231
Trustee Grant	3	-	-	-	3
Proceeds from sale of assets	-	46	-	(46)	-
Loan from restricted non-fixed assets funds less depreciation	222	-	(44)	-	178
	<u>698</u>	<u>588</u>	<u>(126)</u>	<u>(466)</u>	<u>694</u>
Total restricted funds	<u>2,162</u>	<u>6,443</u>	<u>(7,561)</u>	<u>(460)</u>	<u>584</u>
Total unrestricted funds	<u>199</u>	<u>35</u>	<u>(31)</u>	<u>(200)</u>	<u>3</u>
Total funds	<u>2,361</u>	<u>6,478</u>	<u>(7,592)</u>	<u>(660)</u>	<u>587</u>

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

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. As at 31st August 2019 the balance was £50,000.

Other DfE/ESFA grants include monies received outside of GAG funding for example the Pupil Premium. At the period end these funds had been fully spent.

Local Authority grants represent amounts payable to the Academy from Lancashire County Council. This includes funds which relate specifically to Special Educational Needs (SEN) funding. As at the 31st August 2019 these funds had been spent in full.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

15 Funds (continued)

Donation for rent of premises - the buildings are deemed to be occupied under the current agreement on a rental basis. Due to this a notional rental expense is covered equally by a notional donation towards rent as shown in the accounts.

Donation for educational operations - the school has continued to be supported by sponsorship from the Sir Charles Dunstone Charitable Trust. During the year agreed sponsorship totalling £200,000 was received for budgetary support and was fully utilised in the year. The Charitable Trust also agreed to close the endowment fund and re designate it as a restricted income fund - Charles Dunstone Charitable Trust. It was agreed that £200,000 be released from the fund in the year as further budgetary support, and £250,000 to cover the support for the ICT investment programme. These funds were fully utilised in the year.

Other restricted funds include monies from trips and non public funds, and supply teacher insurance claims. During the period the trips and non public funds, and supply teacher insurance claims, had no excess expenditure over income.

The pension reserve represents the value of the Academy's share of the deficit in the Local Government Pension Scheme. The value of the deficit had increased by £1,163,000 at the 31st August 2019.

The restricted endowment fund was closed during the year as noted above and was re designated as a restricted income fund. The loan of £447,000 from restricted funds to restricted fixed asset funds was repaid from the fund.

DfE/ESFA capital grants represent capital monies received during the period from the ESFA. As at the 31st August 2019 £282,000 of these funds remained unspent.

Capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These will be depreciated in line with the accounting policies set out in note 1.

Unrestricted funds represents funds generated via activities such as from lettings and bank interest receivable. The surplus on this fund at the period end was £3,000 and these funds can be used at the discretion of the Trustees to meet the charitable objectives of the Academy.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

15 Funds (continued)

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

	Balance at 1 st September 2017 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	-	4,551	(4,469)	72	154
Other DfE/ESFA	-	314	(314)	-	-
LEA Funding	-	42	(42)	-	-
Donations for rent of premises	-	581	(581)	-	-
Donation for educational operations	-	723	(723)	-	-
Loan to restricted fixed asset fund	(447)	-	-	-	(447)
Trustee Grant	-	23	(23)	-	-
Other Restricted Funds	-	70	(70)	-	-
Pension Reserve	(596)	-	(174)	527	(243)
	(1,043)	6304	(6,396)	599	(536)
Restricted permanent Endowment fund					
	2,000	-	-	-	2,000
Restricted fixed asset funds					
DfE/ESFA capital grants	32	330	-	(94)	268
Capital Expenditure from GAG	233	-	(65)	37	205
Trustee Grant	3	-	-	-	3
Loan from restricted non-fixed asset funds less depreciation	266	-	(44)	-	222
	534	330	(109)	(57)	698
Total restricted funds	1,491	6,634	(6,505)	542	2,162
Total unrestricted funds	206	42	(34)	(15)	199
Total funds	1,697	6,676	(6,539)	527	2,361

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

16 Analysis of net assets between funds

Fund balances at 31st August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Permanent Endowment Fund £000	Total Funds £000
Tangible fixed assets	-	-	412	-	412
Current assets	203	-	282	1,550	2,035
Current liabilities	-	(697)	-	-	(697)
Pension scheme liability	-	(1,163)	-	-	(1,163)
Total net assets	<u>203</u>	<u>(1,860)</u>	<u>694</u>	<u>1,550</u>	<u>587</u>

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Permanent Endowment Fund £000	Total Funds £000
Tangible fixed assets	-	-	430	-	430
Current assets	199	-	268	2000	2,467
Current liabilities	-	(293)	-	-	(293)
Pension scheme liability	-	(243)	-	-	(243)
Total net assets	<u>199</u>	<u>(536)</u>	<u>698</u>	<u>2000</u>	<u>2,361</u>

17 Capital commitments

	2019 £000	2018 £000
Contracted for, but not provided in the financial statements	<u>282</u>	<u>268</u>

18 Commitments under operating leases

Operating leases

At 31st August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	5	5
Amounts due between one and five years	6	11
Amounts due after five years	-	-
	<u>11</u>	<u>16</u>

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

19 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2019	2018
	£000	£000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(1,114)	137
Adjusted for:		
Depreciation (note 12)	126	109
Capital grants from DfE and other capital income	(580)	(17)
Interest receivable (note 6)	(4)	(2)
Defined benefit pension scheme cost less contributions payable (note 25)	254	160
Defined benefit pension scheme finance cost (note 25)	6	14
Increase in debtors	(3)	(44)
Increase/(Decrease) in creditors	324	(164)
Net cash used in/provided by operating activities	(991)	193

20 Cash flows from financing activities

	2019	2018
	£000	£000
Repayments of borrowing	-	-
Cash inflows from borrowing	-	-
Net cash provided by/(used in) financing activities	-	-

21 Cash flows from investing activities

	2019	2018
	£000	£000
Dividends, interest and rents from investment	4	2
Proceeds from sale of tangible fixed assets	46	-
Purchase of tangible fixed assets	(108)	(37)
Capital Grants from DfE Group	534	17
Net cash provided by/(used in) investing activities	476	(18)

22 Analysis of cash and cash equivalents

	2019	2018
	£000	£000
Cash at bank and in hand	1,789	2,129
Total cash and cash equivalents	1,789	2,129

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the School is required to either re-invest the proceeds or to repay 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, as the Secretary of State may require.

24 Members' Liability

Each Member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £11,876 (2018: £19,757) were payable to the schemes at 31st August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st 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.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The latest actuarial valuation of the TPS was carried out as at 31st 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 9th June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1st September 2019.

The pension costs paid to TPS in the period amounted to £340,000 (2018: £372,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2019 was £129,000 (2018: £119,000), of which employer's contributions totalled £84,000 (2018: £78,000), and employees' contributions totalled £45,000 (2018: £41,000). The agreed contribution rates for future years are 11.3% for employers and the rate for employees remains dependant on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 st August 2019	At 31 st August 2018
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment/inflation	2.2%	2.2%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.1%

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

	At 31 st August 2019	At 31 st August 2018
<i>Retiring today</i>		
Males	22.8	22.6
Females	25.5	25.2
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	28.2	27.9

Sensitivity analysis

	Central £000	Sensitivity 1 +0.1% pa discount rate £000	Sensitivity 2 +0.1% pa inflation £000	Sensitivity 3 +0.1% pa pay growth £000	Sensitivity 4 1 year inc in life expectancy £000
Liabilities	5,524	5,406	5,644	5,538	5,630
Assets	(4,361)	(4,361)	(4,361)	(4,361)	(4,361)
Deficit	1,163	1,045	1,283	1,177	1,269
Projected service cost	356	346	366	356	363
Projected net interest	20	19	22	20	22

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

	Fair value at 31 st August 2019	Fair value at 31 st August 2018
Equities	2,085	1,688
<i>Government Bonds</i>	-	131
Other Bonds	70	23
Property	384	354
Cash and other liquid assets	78	35
Other	1,744	1,616
Total market value of assets	4,361	3,847
Present value of scheme liabilities – funded	(5,524)	(4,090)
Deficit in the scheme	1,163	(243)

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actual return on scheme assets was £500,000 (2018: £215,000).

Amounts recognised in the statement of financial activities

	2019	2018
	£000	£000
Current service cost (net of employee contributions)	(161)	(157)
Past service cost	(89)	-
Interest income	108	86
Interest expense	(114)	(100)
Admin expenses	(4)	(3)
Total operating charge	<u>(260)</u>	<u>(174)</u>

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

	2019	2018
	£000	£000
At 1st September	4,090	4,120
Current service cost	246	235
Past service cost	89	-
Interest cost	114	100
Employee contributions	45	41
Remeasurement of liabilities gain	1,052	(399)
Interest cost	(112)	(7)
Benefits paid		
At 31st August	<u>5,524</u>	<u>4,090</u>

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

	2019	2018
	£000	£000
At 1st September	3,847	3,524
Interest Income	108	86
Remeasurement of assets	(392)	128
Administration expenses	(4)	(3)
Employer contributions	85	78
Employee contributions	45	41
Benefits paid	(112)	(7)
At 31st August	<u>4,361</u>	<u>3,847</u>

Dunstone Education Trust

Notes to the Financial Statements

Year Ended 31st August 2019

26 Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1st April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.