

The Dean Trust Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the period from 12 April 2012 to 31 August 2013

Company Registration Number:
08027943 (England and Wales)

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Reference and Administrative Details

Trustees

Mr B D Rigby MBE *
Mr D J Palmer
Mrs J Mantel
Mr T Kapur CBE *
Mr A J McLaren *
Mr J T Shiels

* members of the finance committee

Senior Management Team:

- Chief Executive and Academy Principal T Kapur CBE
- Executive Principal V Beer CBE
- Executive Principal A Griffin
- Chief Finance Officer N David

Principal and Registered Office

Ashton on Mersey School
Cecil Avenue
Sale
Cheshire
M33 5BP

Company Registration Number

08027943

Independent Auditor

Hallidays LLP
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Bankers

Lloyds Bank PLC
PO Box 1000
BX1 1LT

Solicitors

Stone King Solicitors
13 Queen Square
Bath
BA1 2HJ

Trustees Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 12 April 2012 to 31 August 2013.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Dean Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Dean Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2, and in the Governance Statement on page 10.

Members' Liability

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

Trustees' Indemnities

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

Principal Activities

The principal objective of the Trust is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the Academies, offering a broad and balanced curriculum. In setting the Trusts objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Method of Recruitment and Appointment or Election of Trustees

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

Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees are inducted into the workings of the Academy, including policies and procedures, together with an appropriate training schedule depending upon their existing area of expertise.

Organisational Structure

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust and Academies by the use of financial management information, making strategic decisions about the direction of the Trust and capital expenditure, making senior appointments, and approving the Annual Report and Financial Statements.

The Chief Executive is the accounting officer. The day to day management of the Trust is delegated to the Chief Executive and the Executive Management Team (EMT). The EMT consists of the Chief Executive, Executive Principals, Director of School Improvement and Chief Finance Officer. The EMT delegates responsibilities to the Senior Leadership Team (SLT) of each Academy. The SLT, as appropriate to each Academy, consists of the Executive Principals, Vice Principals, Assistant Principals and the Chief Finance Officer. These managers control the Trust and Academies at an executive level

implementing the policies laid down by the Trustees and reporting back to them. As a group the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Executive team always contain a Trustee. Some spending control is devolved to members of the management team within agreed limits in the Scheme of Delegation.

The management teams include the EMT, the SLT at each academy in the Trust, the 24 curriculum area managers, and 7 administration and support managers. These managers are responsible for the day to day operation of the Trust and the Academies, in particular organising the staff (teaching and non-teaching), facilities and students.

The Trustees meet at least each term with the first meeting in each academic year being the annual general meeting. Local Governing bodies and sub-committees meet on at least a termly basis and report into the Trust Board which ratifies their decisions.

Roles and responsibilities of Trustees, governors, and senior managers are clearly defined in the Trust Scheme of Delegation.

Risk Management

The Trustees have assessed the major risks to which the Trust and the Academies are exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured that they have adequate insurance cover.

The key controls used by the Trust include:

- Formal agendas for all Trustee and Governing Body including sub-committee meetings,
- Detailed and documented terms of reference for all Committees,
- Comprehensive strategic planning, budgeting and management accounting,
- Established organisational structure and clear lines of accountability and reporting,
- Formal written policies,
- Clear authorisation and approval levels,
- Vetting procedures as required by legislation,
- Reporting systems

Connected Organisations including Related Party Relationships

The Trust is part of a wider network (Alliance) which includes a number of other schools and academies. This is mainly in relation to the activities of the teaching school, and principally involves collaborative working across a range of disciplines; but which essentially incorporates School to School Support and Professional Learning.

The teaching school operates as a company limited by guarantee. The relationship with The Trust is two way; in that support can be commissioned by The Trust to aid any one of its schools, and the teaching school can commission support from any of The Trust schools to undertake teaching school contracts. This dynamic relationship ensures that all schools within The Trust can access high quality support whilst also benefiting from a talent pool.

The teaching school has national Key Performance Indicators which benefit The Trust as there is a clear expectation that all members of a teaching school alliance improve their outcomes – the onus is on the

teaching school to facilitate this; whether it be in providing the necessary support, increasing expectations through sharing outstanding practice or through the development of talent management pathways.

In addition to the Teaching School partnerships, the Chief Executive, Mr Tarun Kapur C.B.E, acts as an independent Director providing educational advice to the Board of Manchester United Foundation and Trafford Community Leisure Trust. Mr Kapur also acts as Chair of the funding panel for the Football Foundation. The Football Foundation is the UK's largest sports' charity funded by the Premier League, The Football Association and the Government, the Foundation directs £30m every year into grassroots sport. Their mission is to improve facilities, create opportunities and build communities throughout England.

The Chair of Trustees, Councillor Brian Rigby M.B.E. is a Trafford Councillor serving the Ashton upon Mersey ward in the Borough.

Objectives and Activities

Objects and Aims

The main objectives of the Trust during the period ended 31st August 2013 are summarised below:

- To facilitate a smooth transition to Academy status
- To raise the standard of educational achievements of all pupils in the Trust's academies
- To ensure that every child enjoys the same high quality education in terms of resourcing, teaching and learning
- To improve the effectiveness of the Academies by keeping the curriculum and organisational structures under continual review
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce and to utilise those links for the benefit of the Trust and pupils
- To provide value for money for the funds expended
- To conduct the Trust and Academy business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The Trusts' main strategy is to develop and maintain a culture of excellence across our organisation that provides fantastic opportunities for many children and students in our primary and secondary schools.

The Dean Trust is an organisation that provides opportunities for staff and students alike but always embraces the local community so as to ensure that the Academy is at the centre. We aim for our communities to be proud of their local Dean Trust Academy.

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

The Trust's approach to this strategy includes:

- Tuition and learning opportunities for all students to attain appropriate academic qualifications
- Training and development opportunities for all staff
- A programme of after school activities for all students
- A career advisory service to help students obtain employment or move on to higher education

- A wide range of enrichment opportunities
- High quality professional learning opportunities for all Trust employees
- A process of continual monitoring and review of teaching and learning together with rigorous data analysis of individual pupil achievement.

Public Benefit

The Trust’s purpose is to advance, for public benefit, education as described in principal activities above. The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties.

Achievements and Performance

The public examination results at GCSE, Advanced Level and in Key Stage 1 and 2 SATs continued to reflect the level of achievement expected from the pupils.

	Ashton on Mersey School	Broadoak school	Forest Gate Academy
Percentage of pupils gaining 5+ A*-C GCSE grades including English and Mathematics	58	48	N/A
Percentage of pupils gaining 5+ A *-C GCSE grades	92	89	N/A
Key stage 1 measure. Percentage of children attaining at least L2 in Reading, Writing and Maths.	N/A	N/A	Reading 74% Writing 57% Maths 96% Y1 Phonics 84%
Key stage 2 measure. Percentage of children attaining at least L4 in Reading, Writing and Maths.	N/A	N/A	Reading 75% Writing 75% Maths 81% Combined 63% EGPS 50%
Key Stage 5 A-Level AS Level Vocational (BTEC)	100% A*-E 65% A*-C 88% A*-E 39% A*-C 98% MMM+ 73% DDD+ 43% D*D*D*	N/A	N/A

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

- Outstanding OFSTED report (Ashton on Mersey) for the 4th consecutive occasion
- C.B.E. honour for Executive Principal (Ashton on Mersey)
- Improvement in pupil attendance at all academies
- Significant growth in pupil numbers (Forest Gate)
- Continued development of the Teaching School Alliance (Ashton on Mersey)
- Successful promotion of the new Dean Trust brand
- Capital grants bids secured to the value of £791,818 (Ashton on Mersey and Broadoak Schools)
- Significant development and refresh of ICT infrastructure and hardware (Ashton on Mersey and Broadoak Schools)
- Continued positive engagement with the Trust's principal sponsors

Going Concern

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

Post Balance Sheet Event

A non-adjusting event in accordance with FRS 21 (Events after the balance sheet date) occurred when on 26th September 2013 the Dean Trust board agreed to the sponsorship of Huyton Arts & Sports Centre for Learning (HASCL) with effect from 1st January 2014. Senior managers from the Dean Trust are working with the Governors and staff at HASCL along with the DfE and various professional advisors to convert the school to an academy by the sponsorship date.

Financial Review

Most of the Trust and Academy income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the period ended 31st August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants from the EFA and other organisations. 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 restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the period ended 31st August 2013, total expenditure of £18,236,635 was more than covered by recurrent grant income from the EFA together with other incoming resources which totalled £18,637,046 (£60,667,651 inclusive of funds transferred upon conversion). The excess of income over expenditure for the period was £42,548,016. Total funds carried forward amount to £42,548,016. This is in line with the Trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation and its infrastructure.

Unrestricted income and expenditure in the period ended 31st August 2013 amounted to £2,718,433 and £1,182,951 respectively.

At 31st August 2013 the net book value of fixed assets amounted to £41,885,909 and movements in fixed assets are shown in note 12 to the financial statements. The cost of fixed asset additions in the period ended 31st August 2013 amounted to £1,401,318.

Financial and Risk Management Objectives and Policies

The main financial risks are mitigated through the employment of sound financial management and internal control processes. Balanced budgets are set for each of the academies within the Trust and limited budgets are further delegated to departments and faculties. Actual performance against agreed budgets is closely monitored by the Trust's central finance team and via regular (termly) meetings of the finance committee of each LGB.

Bank and cash reconciliations are carried out routinely and signed by the authorised officers of the Trust's central finance team. All orders and cheques are signed off by the finance team with appropriate segregation of duties in place. Fixed asset registers are in place and there are processes in place for the acquisition, adaptation and disposal of assets. Payroll is outsourced and checked by more than one individual each month. The appropriateness and integrity of internal controls is assessed and reported to the Trustees by the responsible officer and external auditors.

The security of data is administered by an in house team of IT professionals.

Remaining risks are mitigated to a large extent via comprehensive insurance policies.

Principal Risks and Uncertainties

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

The main risks are seen as the loss of reputation through failing standards at the academies, falling student numbers, failure to safeguard our students, and failure on high profile school to school support commissions. Key controls in place to mitigate these risks are:

- An organisational structure with clearly defined roles, responsibilities and authorisation levels,
- Documented terms of reference for the committees and sub-committees of the Trust,
- Financial planning, budgeting and regular management reporting highlighting key areas of financial risk,
- Formal written and published policies for employees,
- Vetting procedures as required by legislation for the protection of the vulnerable, and
- Robust due diligence procedures in place for new contracts and commissions.

Reserves Policy

The Trustees and Governors review the level of reserves on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trusts current level of free reserves (total reserves less the amounts held in fixed asset reserve and restricted fund reserve) is £1,535,482. The amount is kept secure for a time when it is needed to self-finance a scheme of major capital projects.

The Trustees have decided to adopt a prudent approach to reserves and aim to build a group reserve of designated funds of at least 5% of annual income to safeguard against unforeseen circumstances, capital improvements or developments, late EFA payments, emergencies and other catastrophes. This is sound commercial practice designed to safeguard the quality of education received at the academies within the Trust.

In addition the net liability due to the Trusts participation in the Local Government Pension Scheme (LGPS) amounts to £1,055,000. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension

Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. This guarantee provides comfort to the Trustees in the unlikely event of an academy closure.

Investment Policy

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

Plans for Future Periods

The overall performance in this reporting period was extremely robust and as a consequence will directly reinforce the Trust's medium to long-term strategy. The Trust's main annual objectives for the next year are:

- To facilitate a smooth and effective transition to Academy at Huyton Arts and Sports Centre for Learning and to successfully integrate the academy into the existing Group.
- To build on the excellent reputation of our Academies and successfully bid for School Centred ITT status
- To strive for continuous improvement in examinations results and all indicators of performance in all of the Trust's academies.
- To increase numbers on roll at Broadoak School
- To continue to develop school facilities
- To build adequate financial reserves to fund building and other investment needs

Excellent standards of behaviour will be maintained to create a well ordered community with learning and the support of students at the heart. The academies aim to maintain or increase pupil numbers. Transitional arrangements for pupils entering the Trust's secondary academies will be well planned and structured, providing support for pupils at this important stage of their education. The curriculum will be broad, balanced and relevant in all key stages from KS1 to KS5 allowing all students to achieve success.

Teaching and learning will have pace, purpose, variety and rigour. Students will be able to progress as a result of personalised programmes of study and the provision of an on-line curriculum. All students will be confident users of ICT. Students will be aware of their own strengths and weaknesses and, through assessment for learning, know what they need to do to improve.

Staff will be confident practitioners with appropriate professional development opportunities. Educational outcomes in all performance indicators will be well above national averages and the Academies will be in the "high performing" category. The strategic development of the Academies will be effectively planned, monitored and supported by well-equipped and committed local governing bodies and the main board of Trustees.

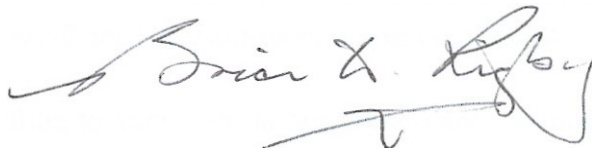
Auditor

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; 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 audit business Hallidays LLP has been appointed as the company's auditor. The audit report has been issued by Hallidays LLP.

Approved by order of the board of trustees on 4th Dec 2013 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "Brian X. Rigby". The signature is written in a cursive style with a large, sweeping initial 'B' and a distinct 'X' between the first and last names.

Brian Rigby
MBE Chair of
Trustees

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the chief executive, 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 Dean Trust and the Secretary of State for Education. The Chief Executive is 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 board of trustees has formally met 6 times during the period ending 31st August 2013. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Cllr B Rigby MBE	6	6
Mr T Kapur CBE	6	6
Mrs J Mantel	6	6
Mr A McLaren	6	6
Mr J Shiels	4	6
Mr D Palmer	5	6

Due to the size of the membership of the current Trust board the finance remit is subsumed into the main board. The Governing Body of the West Trafford Learning Partnership, encompassing Ashton on Mersey and Broadoak schools, has a finance sub-committee. The Governing Body of Forest Gate Academy also has its own finance sub-committee. Attendance at meetings in the period ended 31st August 2013 was as follows:

West Trafford Learning Partnership Finance Committee

Trustee	Meetings attended	Out of a possible
Mr A McLaren	5	5
Mr A Longworth	4	5
Cllr B Rigby MBE	4	5
Mr T Kapur CBE	3	5
Mr D Meacock	5	5
Mr P Costelloe	5	5
Mr S McFarlane	5	5
Mr A Griffin	5	5
Mrs V Beer	4	5
Mr N David	5	5

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Dean Trust for the period 12 April 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 period 12 April 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Beever and Struthers (chartered accountants and business advisors) as responsible officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis the RO performs these checks and reports to the board of trustees on the operation of systems of control and on the discharge of the board of trustees' financial responsibilities. The RO has delivered their schedule of work and found minor control issues which are being addressed by strengthening controls accordingly.

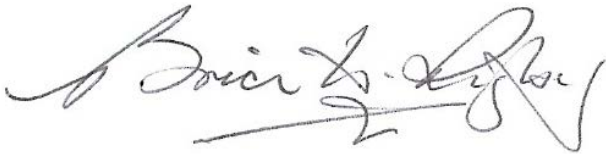
Review of Effectiveness

As accounting officer the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 4th December 2013 and signed on its behalf by:



Brian Rigby MBE
Chair of Trustees



Tarun Kapur CBE
Chief Executive and Academy Principal
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

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

A handwritten signature in black ink, appearing to read 'Tarun Kapur', with a stylized flourish at the end.

Tarun Kapur CBE
Accounting Officer

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 4th December 2013 and signed on its behalf by:



Brian Rigby MBE
Chair of Trustees

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

We have audited the financial statements of The Dean Trust for the period ended 31st August 2013, set out on pages 20 to 41. 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) and the Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees Responsibilities Statement, 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.

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

Scope of the audit of the financial statements

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

Opinions on financial statements

In our opinion the financial statements:-

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

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Anna Bennett
Senior Statutory Auditor

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

Date: 04/12/2013.....

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

In accordance with the terms of our engagement letter dated 1st May 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Dean Trust during the period ended 31st August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Dean Trust's master funding agreement with the Secretary of State for Education dated 1st May 2012 and the Academies Financial Handbook as published by EFA in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period ended 31st August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. A summary of the work undertaken is listed below:-

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period ended 31st August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Anna Bennett
Senior Statutory Auditor

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

Date: 04/12/2013

Statement of Financial Activities for the period 12 April 2012 to 31 August 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Note	Unrestricted	General	Restricted	Restricted	Total	
	Funds	Restricted	Fixed	Pension		
	£	£	Asset	Fund	£	
	£	£	Fund	£	£	
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	84,214	1,685	0	0	85,899
Transfer from LA on conversion	28	1,730,605	0	41,472,000	(1,172,000)	42,030,605
Activities for generating funds	3	868,859	318,856	0	0	1,187,715
Investment income	4	4,442	0	0	0	4,442
<i>Incoming resources from charitable activities:</i>						
Funding for the Trust's educational operations	5	30,313	16,453,465	875,212	0	17,358,990
Total incoming resources		2,718,433	16,774,006	42,347,212	(1,172,000)	60,667,651
Resources Expended						
<i>Cost of generating funds:</i>						
Cost of generating voluntary income	6	0	0	0	0	0
Fundraising trading	6	1,055,349	0	0	0	1,055,349
<i>Charitable activities:</i>						
Academy trust operational operations	7	127,602	15,920,133	987,409	0	17,035,144
<i>Governance costs</i>	8	0	146,142	0	0	146,142
Total resources expended	6	1,182,951	16,066,275	987,409	0	18,236,635
Net incoming / (outgoing) resources before transfers		1,535,482	707,731	41,359,803	(1,172,000)	42,431,016
Gross transfers between funds	16	0	(526,106)	526,106	0	0
Net income / (expenditure) for the year		1,535,482	181,625	41,885,909	(1,172,000)	42,431,016
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes		0	0	0	117,000	117,000
Net movement in funds	16,26	1,535,482	181,625	41,885,909	(1,055,000)	42,548,016
Reconciliation of funds						
Funds brought forward at 12 April 2012		0	0	0	0	0
Funds carried forward at 31 August 2013		1,535,482	181,625	41,885,909	(1,055,000)	42,548,016

All of the academy's activities derive from continuing operations during the above financial period. A separate Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance Sheet as at 31 August 2013

(Company Number 08027943)

	Note	2013 £	2013 £
Fixed assets			
Tangible assets	12		41,885,909
Current assets			
Stock	13	15,144	
Debtors	14	846,274	
Cash at bank and in hand		<u>2,547,380</u>	
		3,408,798	
Liabilities			
Creditors: Amounts falling due within one year	15	<u>(1,691,691)</u>	
Net current assets			<u>1,717,107</u>
Total assets less current liabilities			43,603,016
Pension scheme liability	26		<u>(1,055,000)</u>
Net assets including pension liability			<u>42,548,016</u>
Funds of the academy trust:			
Restricted income funds			
• Fixed asset fund	16		41,885,909
• General fund	16		181,625
• Pension reserve	16		<u>(1,055,000)</u>
Total restricted funds			<u>41,012,534</u>
Unrestricted income funds			
• General fund	16		<u>1,535,482</u>
Total unrestricted funds			<u>1,535,482</u>
			<u>42,548,016</u>

The financial statements were approved by the trustees, and authorised for issue on 4th December 2013 and are signed on its behalf by



Brian Rigby
Chair of Trustees

The notes on pages 23 to 41 form part of these accounts.

Cash Flow Statement for the Period Ended 31 August 2013

	Notes	12 April 2012 to 31 August 2013
		£
Net cash inflow from operating activities	20	3,069,045
Returns on investments and servicing of finance	21	4,442
Capital expenditure	22	(526,106)
Net increase in cash in the period		2,547,380
Reconciliation of net cash flow to movement in net funds		
Net funds at 12 April 2012		0
Net funds at 31 August 2013		2,547,380

The notes on pages 23 to 41 form part of these accounts.

Notes to the Financial Statements for the period 12 April 2012 to 31 August 2013

1. Statement of accounting policies

Conversion to an Academy Trust

The conversion from state maintained schools to academies involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to the academy trust have been valued at their fair value being a reasonable estimate of market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Dean Trust Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transfers on conversion are set out in note 28.

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies which have been applied consistently 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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

Resources Expended

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

- **Costs of Generating Funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

Buildings	2% p.a. straight-line
Plant & Machinery	20% p.a. reducing balance
Fixtures, fittings and equipment	20% p.a. reducing balance
ICT equipment	33 ¹ / ₃ % p.a. straight-line
Motor Vehicles	25% p.a. straight-line

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

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

Leased Assets

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

Stock

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

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return

on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

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

2. Voluntary Income

	12 April 2012 to 31 August 2013			
	Unrestricted Funds	Restricted General Funds	Restricted	Total
			Fixed Asset Funds	
£	£	£	£	
Private Sponsorship	50,000	0	0	50,000
Other donations	34,214	1,685	0	35,899
	84,214	1,685	0	85,899

3. Activities for Generating Funds

	12 April 2012 to 31 August 2013			
	Unrestricted Funds	Restricted General Funds	Restricted	Total
			Fixed Asset Funds	
£	£	£	£	
Hire of facilities	5,990	0	0	5,990
Contributions to trips	0	318,856	0	318,856
Catering income	33,128	0	0	33,128
Insurance claims income	5,348	0	0	5,348
Sales income	823,260	0	0	823,260
Other income	1,133	0	0	1,133
	868,859	318,856	0	1,187,715

4. Investment Income

	12 April 2012 to 31 August 2013			
	Unrestricted Funds	Restricted General Funds	Restricted	Total
			Fixed Asset Funds	
£	£	£	£	
Short term deposits	0	0	0	0
Bank interest	4,442	0	0	4,442
	4,442	0	0	4,442

5. Funding for the Academy Trust's Educational Operations

	12 April 2012 to 31 August 2013			
	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
DfE / EFA grants				
• General Annual Grant (GAG)	0	14,652,232	0	14,652,232
• Start up Grants	0	40,000	0	40,000
• Capital Grants	0	0	875,212	875,212
• Other DfE / EFA Grants	0	355,648	0	355,648
	0	15,047,880	875,212	15,923,092
Other Government grants				
• Local authority grants	0	1,273,229	0	1,273,229
• Other government grants	0	0	0	0
	0	1,273,229	0	1,273,229
Other income				
• Government sources (non-grant)	738	2,099	0	2,837
• Academies	6,979	0	0	6,979
• Non-Government – Revenue	22,596	130,257	0	152,853
• Non-Government - Capital	0	0	0	0
	30,313	132,356	0	162,669
	30,313	16,453,465	875,212	17,358,990

6. Resources Expended

	12 April 2012 to 31 August 2013			
	Staff Costs	Premises	Other Costs	Total
	£	£	£	£
Costs of generating voluntary income	0	0	0	0
Costs of activities for generating funds	782,645	178,863	93,841	1,055,349
Trust's educational operations				
• Direct Costs	9,935,067	0	2,235,684	12,170,751
• Allocated support costs	1,819,805	2,239,979	804,609	4,864,393
	12,537,516	2,418,842	3,134,134	18,090,493
Governance costs including allocated support costs	18,552	0	127,590	146,142
	12,556,069	2,418,842	3,261,724	18,236,635

Incoming/outgoing resources for the year include:

	12 April 2012 to 31 August 2013
	£
Operating leases	350,527
Fees payable to auditor	
• Audit	7,510
• Other services	7,365
Profit/(loss) on disposal of fixed assets	0

7. Charitable Activities – Academy’s Educational Operations

	12 April 2012 to 31 August 2013			
	Unrestricted	Restricted	Restricted	Total
	Funds	General	Fixed Asset	
£	£	£	£	
Direct costs				
Teaching and educational support staff costs	0	9,935,067	0	9,935,067
Depreciation	0	0	919,574	919,574
Technology costs	0	105,292	0	105,292
Educational supplies	93,334	723,151	0	816,485
Examination fees	0	234,339	0	234,339
Staff development	0	52,944	0	52,944
Staff related insurance	0	0	0	0
Educational consultancy	0	72,408	0	72,408
Other direct costs	0	34,642	0	34,642
	93,334	11,157,843	919,574	12,170,751
Allocated support costs				
Support staff costs	0	1,819,805	0	1,819,805
Supply teacher insurance	0	0	0	0
Depreciation	0	0	67,835	67,835
Technology costs	0	183,393	0	183,393
Recruitment and support	0	35,527	0	35,527
Maintenance of premises	0	439,655	0	439,655
Maintenance of equipment	0	0	0	0
Cleaning	0	384,074	0	384,074
Rent & rates	0	146,055	0	146,055
Operating leases	0	343,889	0	343,889
Water	0	89,890	0	89,890
Energy costs	0	297,034	0	297,034
Insurance	0	100,704	0	100,704
Security	0	33,017	0	33,017
Transport	0	83,527	0	83,527
Catering	0	347,810	0	347,810
Other occupancy costs	0	15,890	0	15,890
Bank interest and charges	0	607	0	607
Administration furniture & equipment (not capitalised)	0	45,721	0	45,721
Office overheads	22,262	248,524	0	270,786
Other support costs	12,005	147,168	0	159,173
	34,267	4,762,290	67,835	4,864,392
	127,601	15,920,133	987,409	17,035,143

8. Governance Costs

	12 April 2012 to 31 August 2013		
	Unrestricted	Restricted	Total
	Funds	Funds	
£	£	£	
Legal and professional fees	0	106,751	106,751
Auditor’s remuneration			
• Audit of financial statements	0	7,510	7,510
• Other audit costs	0	7,365	7,365
Governance support staff costs	0	18,552	18,552
Clerking fees	0	3,588	3,588
Trustees’ reimbursed expenses	0	2,376	2,376
	0	146,142	146,142

9. Staff Costs

Staff costs during the period were:	12 April 2012 to 31 August 2013 £
Wages and salaries	10,066,371
Social security costs	770,693
Pension costs	1,367,731
	<u>12,204,795</u>
Supply teacher costs	122,156
Supply support staff costs	40,295
Compensation payments	0
	<u>12,367,246</u>

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

Charitable Activities	12 April 2012 to 31 August 2013 No.
Teachers	120
Administration and support	133
Management	17
	<u>270</u>

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

	12 April 2012 to 31 August 2013 No.
£60,001 - £70,000	0
£70,001 - £80,000	1
£80,001 - £90,000	1
£90,001 - £100,000	1
£100,001 - £110,000	0
£110,001 - £120,000	1
£120,001 - £130,000	0
£130,001 - £140,000	0
£140,001 - £150,000	0
£150,001 - £160,000	<u>1</u>

130 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31st August 2013, pension contributions for these staff amounted to £894,413. Of the non teaching staff 113 employees participated in the Local Government Pension Scheme, pension contributions amounted to £473,318.

10. Related Party Transactions – Trustees’ Remuneration & Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees’ remuneration was as follows:

T Kapur (Chief Executive & Trustee): £150,001 - £160,000

During the period ended 31 August 2013, travel and subsistence expenses totalling £2,376 were reimbursed to 2 trustees, in accordance with the Trusts policies on travel and subsistence expenses.

Other related party transactions involving the trustees are set out in note 27.

11. Trustees’ and Officers’ Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £4,000,000 on any one claim and the cost for the period ended 31 August 2013 is included in the total insurance cost.

12. Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost at 12 April 2012	0	0	0	0	0	0
Transferred on conversion	39,167,000	2,065,000	233,000	0	7,000	41,472,000
Additions	1,106,754	0	192,714	101,850	0	1,401,318
Disposals	0	0	0	0	0	0
As at 31 August 2013	40,273,754	2,065,000	425,714	101,850	7,000	42,873,318
Depreciation as at 12 April 2012	0	0	0	0	0	0
Charged in the period	836,544	32,920	91,372	24,573	2,000	987,409
Disposals	0	0	0	0	0	0
As at 31 August 2013	836,544	32,920	91,372	24,573	2,000	987,409
Net book values At 31 August 2013	39,437,210	2,032,080	334,342	77,277	5,000	41,885,909

The transfer value on conversion to academy of land and buildings was ascertained by FHP property consultants. The basis of valuation was the “depreciated replacement cost method of valuation”.

13. Stock

	As at 31 August 2013 £
Clothing	7,910
Stationery	6,741
Catering	493
	<u>15,144</u>

14. Debtors

	As at 31 August 2013 £
Trade debtors	117,754
Accrued income	243,572
VAT recoverable	96,539
Other debtors	123,210
Prepayments	265,199
	<u>846,274</u>

15. Creditors: Amounts falling due within one year

	As at 31 August 2013 £
Trade creditors	458,830
Taxation and social security	179,215
EFA creditor	0
Other creditors	412,976
Accruals and deferred income	641,670
	<u>1,691,691</u>
	£
Deferred income at 12 April 2012	76,606
Resources deferred in the period	421,436
Amounts released from previous years	(76,606)
Deferred income at 31 August 2013	<u>421,436</u>

At the balance sheet date the Trust was holding funds received in advance for Academy conversion pre-opening grant re HASCL (£97,510), Academy sponsor capacity funding (£89,000), GMC funding (£75,041), NCSL collaborative funding (£101,000), School fund contributions (£9,385), school trips income relating to trips in 2013/2014 (£49,500).

16. Funds

	Balance at 12 April 2012	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Total
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	0	14,652,232	(13,944,501)	(526,106)	181,625
Start up grant	0	40,000	(40,000)	0	0
Other DfE/EFA grants	0	1,575,072	(1,575,072)	0	0
Other restricted funds	0	506,702	(506,702)	0	0
Pension reserve	0	(1,172,000)	0	117,000	(1,055,000)
	0	15,602,006	(16,066,275)	(409,106)	(873,375)
Restricted fixed asset funds					
DfE/EFA capital grants	0	875,212	0	0	875,212
Assets transferred on conversion	0	41,472,000	(987,409)	0	40,484,591
Capital expenditure from GAG	0	0	0	526,106	526,106
Private sector capital sponsorship	0	0	0	0	0
	0	42,347,212	(987,409)	526,106	41,885,909
Total restricted funds	0	57,949,218	(17,053,684)	117,000	41,012,534
Unrestricted funds					
Unrestricted funds	0	2,718,433	(1,182,951)	0	1,535,482
Total unrestricted funds	0	2,718,433	(1,182,951)	0	1,535,482
Total funds	0	60,667,651	(18,236,635)	117,000	42,548,016

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the Trust.

Restricted fixed asset funds are those funds relating to the long term assets of the Trust used in delivering the objectives of the Trust.

Unrestricted funds are funds which the Trustees may use in the pursuance of the Trust's objectives and are expendable at the discretion of the Trustees.

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

17. Analysis of Net Assets between Funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets	0	0	41,885,909	41,885,909
Current assets	1,717,103	1,691,695	0	3,408,798
Current liabilities	0	(1,691,691)	0	(1,691,691)
Pension scheme liability	0	(1,055,000)	0	(1,055,000)
Total net assets	1,717,103	(1,054,996)	41,885,909	42,548,016

18. Capital Commitments

Capital commitments contracted for but not provided for in the financial statements are as follows:

	<u>2013</u>
	<u>£</u>
Contracted sum for heating plant and boiler	295,470
Contracted sum for curtain walling	125,301
Sums accounted for as assets in the course of construction	<u>(346,987)</u>
Capital commitment	<u>73,784</u>

19. Financial Commitments

Operating Leases

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

	<u>2013</u>
	<u>£</u>
Other	
Expiring within one year	80,684
Expiring within two and five years inclusive	101,481
Expiring in over 5 years	0
	<u>182,165</u>

Excluded from the above are non-cancellable operating leases entered into post 31st August 2013 for provision of IT hardware. The annual commitment over a three year period is £74,207.

20. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	<u>2013</u>
	<u>£</u>
Net Income	42,548,016
Depreciation (note 12)	987,409
Donations – inherited assets less pension liability	(40,300,000)
Capital grants from DfE/EFA and other capital income	(875,212)
Interest receivable (note 4)	(4,442)
FRS17 pension adjustments (note 26)	(117,000)
Increase in stocks	(15,144)
Increase in debtors	(846,274)
Increase in creditors	1,691,691
Net Cash Inflow from Operating Activities	<u>3,069,044</u>

21. Returns on Investments and Servicing of Finance

	<u>£</u>
Interest received	<u>4,442</u>
Net cash inflow from returns on investment and servicing of finance	<u>4,442</u>

22. Capital Expenditure and Financial Investment

	<u>£</u>
Purchase of tangible fixed assets	(1,401,318)
Capital grants from DfE/EFA	875,212
Capital funding received from sponsors and others	0
Receipts from sale of tangible fixed assets	0
Net cash outflow from capital expenditure and financial investment	<u>(526,106)</u>

23. Analysis of Changes in Net Funds

	<u>At 12 April 2012</u>	<u>Cash flows</u>	<u>At 31 August 2013</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash in hand and at bank	0	2,547,390	2,547,380
	0	2,547,390	2,547,380

24. Contingent Liabilities

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

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

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

25. 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.

26. Pension and Similar Obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

As described in note 1 (conversion to academy trust), the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversions from maintained schools 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 predecessor schools and the academy trust at the balance sheet date.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

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

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2013 was £499,000, of which employer's contributions totalled £365,000 and employees' contributions totalled £134,000. The agreed contribution rates for future years are 17.9% for employers and are banded from 5.5% to 7.5% for employees.

Principal Actuarial Assumptions

At 31 August 2013

Rate of increase in salaries	4.6%
Rate of increase for pensions in payment/inflation	2.8%
Discount rate for scheme liabilities	4.6%
Inflation assumption (CPI)	2.9%
Commutation of pensions to lump sums (pre-April 2008 service)	50.0%
Commutation of pensions to lump sums (post-April 2008 service)	75.0%

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

	Approximate % increase in employer liability	Approximate monetary amount (£000)
0.5% decrease in real discount rate	13	787
1 year increase in member life expectancy	3	184
0.5% increase in the salary increase rate	5	320
0.5% increase in the pension increase rate	7	449

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

At 31 August 2013

Current pensioners:

Males	20.1 years
Females	22.9 years

Future pensioners:

Males	22.5 years
Females	25.0 years

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

	Expected return at 31 August 2013	Fair value at 31 August 2013
	%	£000
Equities	6.6	3,668
Bonds	3.9	917
Property	4.7	305
Cash	3.6	204
Present value of scheme liabilities		5,094
– Funded		(6,149)
Total net assets		(1,055)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The return assumptions are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP. The expected returns shown in this report have been calculated using 5,000 simulations of the HRAM, calibrated using market data. The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM the yield rates applicable at the accounting date on suitable bond indices has been used.

The actual return on scheme assets was £658,000.

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

Amounts recognised in the statement of financial activities

	<u>£000</u>
Current service cost (net of employee contributions)	(444)
Past service cost	0
Total operating charge	<u>(444)</u>
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	202
Interest on pension liabilities	<u>(226)</u>
Pension finance income/(costs)	<u>(24)</u>

The actuarial gains and losses for the period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £250,000 gain.

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

	<u>£000</u>
At 12 April 2012	5,036
Current service cost	577
Interest cost	300
Employee contributions	175
Actuarial loss	177
Benefits paid	(116)
Past service cost	0
Curtailments and settlements	0
At 31 August 2013	<u>6,149</u>

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

	<u>£000</u>
At 12 April 2012	3,864
Expected return on assets	271
Actuarial gain	427
Employee contributions	175
Employer contributions	473
Benefits paid	(116)
At 31 August 2013	<u>5,094</u>

The estimated value of employer contributions for the year ending 31 August 2014 is £377,000.

The history of experience adjustments is as follows:

	12 April 2012 to 31 August 2013 £000
Fair value of scheme assets	5,094
Present value of defined benefit obligations	(6,149)
Deficit in the scheme	(1,055)
Experience gains on scheme assets	457
Experience gains on scheme liabilities	0

27. Related Party Transactions

The charity is controlled by the Trustees who are all directors of the company.

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

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

- Kreativ Ltd – a company in which J Mantel, a trustee, is a director and has an interest. Transactions totalling £63,843 relating to the procurement of design and printing services took place in the period to 31 August 2013. There was £8,239 outstanding at 31 August 2013.
- Beever & Struthers – a practice of chartered accountants and business advisors in which A J McLaren, a trustee, is a partner. Transactions totalling £4,050 relating to professional services and responsible officer duties took place in the period to 31 August 2013. There was £420 outstanding at 31 August 2013.
- Broadoak Community Partnership Limited – a company in which A J McLaren, a trustee, is a director. Transactions totalling £31,724 relating to the hire of rooms and facilities took place in the period to 31 August 2013. There were no amounts outstanding at 31 August 2013.
- GD Flowers – a florists in which N David, a senior manager within the Trust, has an interest. Transactions totalling £2,851, relating to the purchase of flowers and floral displays took place in the period to 31 August 2013. There were no amounts outstanding at 31 August 2013.

28. Conversion to Academy Trust

On 1 May 2012 Ashton on Mersey and Broadoak schools, and on 1 September 2012 Forest Gate Primary school, converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Dean Trust Ltd from Trafford MBC for £nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets				
Freehold / Leasehold land & buildings	0	0	41,232,000	41,232,000
Other tangible fixed assets	0	0	240,000	240,000
Other assets and liabilities				
Budget surplus on LA funds	1,621,148	0	0	1,621,148
Budget surplus on other school funds	109,457	0	0	109,457
LGPS pension fund deficit	0	(1,172,000)	0	(1,172,000)
Borrowing obligations	0	0	0	0
Other identified assets and liabilities	0	0	0	0
Net assets	1,730,605	(1,172,000)	41,472,000	42,030,605

The above net assets include £2,252,741 that was transferred as cash/bank balances.

29. Fund balances

The closing fund balances attributable to each Academy within the multi-Academy trust are as follows:

	Ashton on Mersey School	Broad oak School	Forest Gate Academy	Total
	£	£	£	£
Restricted funds				
Fixed asset fund	23,487,641	16,317,986	2,080,282	41,885,909
General fund	79,372	37,992	64,261	181,625
Pension reserve	(870,000)	(149,000)	(36,000)	(1,055,000)
Total restricted funds	22,697,013	16,206,978	2,108,543	41,012,534
Unrestricted funds				
General Fund	909,809	413,591	169,076	1,492,476
School Fund	43,006	0	0	43,006
Total unrestricted funds	952,815	413,591	169,076	1,535,482
Total Funds	23,649,828	16,620,569	2,277,619	42,548,016

Analysis of academies by cost

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Depreciation	Total
	£	£	£	£	£	£
Ashton on Mersey Academy	6,921,664	1,435,650	589,743	2,011,561	588,790	11,547,408
Broad oak Academy	2,402,332	326,507	181,028	1,229,154	357,706	4,496,727
Forest Gate Academy	611,071	57,648	45,714	235,662	40,913	991,008
Total	9,935,067	1,819,805	816,485	3,476,377	987,409	17,035,143

30. Post Balance Sheet Event

A non-adjusting event in accordance with FRS 21 (Events after the balance sheet date) occurred when on 26 September 2013 the Dean Trust board agreed to the sponsorship of Huyton Arts & Sports Centre for Learning (HASCL) with effect from 1st January 2014. Senior managers from the Dean Trust are working with the Governors and staff at HASCL along with the DfE and various professional advisors to convert the school to an Academy by the sponsorship start date.